

**BOARD OF REGENTS
STATE OF IOWA****AGENDA ITEM 3
AUGUST 1, 2019****Contact: Brad Berg****FY 2020 BUDGETS – UNIVERSITIES, SPECIAL SCHOOLS,
IOWA PUBLIC RADIO AND BOARD OFFICE****Actions Requested:** Consider approval of the:

1. Regent university and special school FY 2020 budgets as presented on pages 5-8 and in the attachments.
2. Iowa Public Radio FY 2020 budget as presented in Attachment F on page 48.
3. Board Office FY 2020 budget as shown in Attachment G on page 49.

Executive Summary: Consistent with the Board's strategic plan to demonstrate public accountability and effective stewardship of resources, all institutional budgets are approved annually by the Board.

The Regent institutional budgets include two basic types of funds:

- General operating funds include operational appropriations, interest income, tuition revenue, reimbursed indirect costs, and income generated from sales and services.
- Restricted funds are specifically designated or restricted for a particular purpose or enterprise and include capital and tuition replacement appropriations, gifts, sponsored funding from federal and private sources and athletics as well as other auxiliary or independent functions such as residence, parking and utility systems.

This memorandum incorporates numerous aspects of budgets for the Regent Enterprise. There are separate attachments that include budget details specific to each university, Iowa Public Radio and the Board Office. While the residence systems and athletics are included as a part of the restricted budgets, individual budgets for these auxiliary units are contained in this memorandum.

The proposed FY 2020 Regent enterprise consolidated \$6.1 billion budget is summarized below. The table on page 8 includes the detailed budgeted revenues and expenditures from all funds for Iowa's public universities and special schools.

FY 2020 REGENT ENTERPRISE BUDGET
(in millions)

	SUI*	ISU	UNI	ISD	IBSSS	Total
General Operating	2,485.4	742.0	185.2	11.4	9.0	3,433.0
Restricted	1,741.8	787.9	171.6	3.4	0.9	2,705.6
Total	4,227.2	1,529.9	356.8	14.8	9.9	6,138.6

*includes UIHC

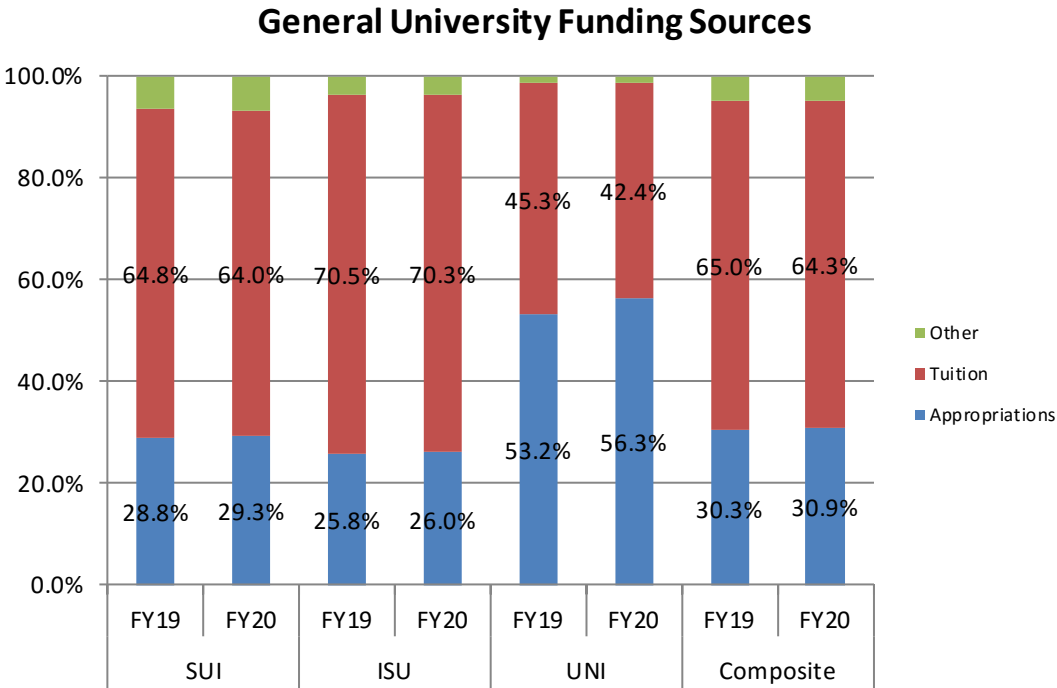
University Operating Budgets

The primary revenue sources providing FY 2020 general operating funds for Iowa's public universities are state appropriations and tuition revenues.

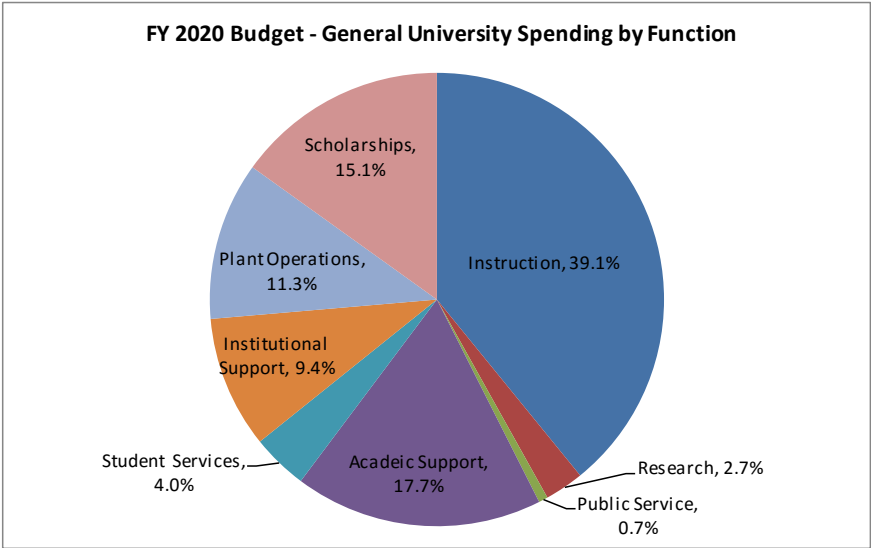
The 2019 General Assembly appropriated incremental funding of \$12 million (\$18 million was requested) for FY 2020 to be allocated by the Board of Regents to the University of Iowa, Iowa State University, and the University of Northern Iowa. At its June 2019 meeting, the Board allocated \$4 million to each of the three universities.

In June 2019, the Board approved base undergraduate resident increases of 3.9% for SUI and ISU and 0.0% for UNI with varying increases to nonresident, graduate and differential tuition rates for higher-cost programs.

The following chart compares FY 2019 funding sources as originally budgeted with FY 2020 for each university. UNI is more reliant on state appropriations than tuition revenue for its general fund operations while SUI and ISU state funding levels are less than 30% of operating revenues.



In addition to the General University budgets presented on pages 5 and 6 by expenditure type, the attachments contain an expense summary by the following functional classifications as defined by the National Association of College and University Business Officers. General fund expenses related to instruction, academic support, and scholarships and fellowships comprise 72% of the combined general university expenses.



Each university also has several special purpose units that receive state funding for operations. Examples include the Hygienic Laboratory and the Iowa Flood Center at SUI, the Agriculture Experiment Station and Cooperative Extension at ISU, and Math and Science Collaborative and the Recycling and Reuse Center at UNI. Additional information regarding the FY 2020 special purpose unit budgets is provided in the attachments.

Restricted Budgets

The university FY 2020 restricted fund budgets include capital funding approved by the General Assembly for the following projects.

- ISU – Veterinary Diagnostic Laboratory \$12.5 million
- ISU – Student Innovation Center \$ 7.0 million
- ISD – Long Hall Renovation \$ 3.0 million

In addition, the university restricted fund budgets include an allocation of the \$28.1 million tuition replacement appropriation to replace the tuition revenue pledged on Academic Building Revenue Bonds.

The restricted budgets also include \$3.0 million (allocated 35/35/30 among SUI, ISU and UNI) for the Regent Innovation Fund to support economic development projects. The universities will provide a one-to-one match of these funds for capacity-building infrastructure in areas related to technology commercialization, entrepreneurship and business growth.

Athletic Budgets

Each of the Regent universities hosts a multitude of intercollegiate athletic events that attract many alumni and friends to the campuses each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2020 athletic revenue budgets total \$227 million. Details for each university's athletic budget are included in the attachments.

	Athletic Revenues	
	FY 2019 <u>Estimates</u>	FY 2020 <u>Budget</u>
SUI	122,428,995	124,862,379
ISU	89,953,964	87,550,447
UNI	14,227,598	14,494,088
Total	226,610,557	226,906,914

Residence System Budgets

Residence systems, which include dining services, are self-supporting operations that do not receive state-appropriated funds for operations or capital improvements; they are included in the restricted fund budgets. Residence system FY 2020 revenue budgets total approximately \$219 million for the three universities.

The Board received the FY 2020 residence system preliminary budgets as part of the residence system governance report presented in February. Each university has since updated their respective residence system budgets to reflect revenue and expense estimates based on the most recent occupancy projections. The residence systems are expected to house approximately 20,100 students this fall. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2020 Budgets						
	SUI		ISU		UNI	
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>
Revenues	\$ 78,727,911	\$ 80,015,380	\$ 108,596,695	\$ 103,443,122	\$ 36,802,109	\$ 35,509,961
Expenditures for Operations	57,500,618	56,449,164	75,207,761	74,374,308	25,445,706	24,225,026
Debt Service and Mandatory Transfers	12,593,219	12,593,219	15,081,590	15,081,590	8,339,544	8,339,544
Net Revenues after Debt Service and Mandatory Transfers	\$ 8,634,074	\$ 10,972,997	\$ 18,307,344	\$ 13,987,224	\$ 3,016,859	\$ 2,945,391

Special Schools

The FY 2020 budgets for the Iowa School for the Deaf (ISD), and the Iowa Braille and Sight Saving School (IBSSS) total \$24.7M and are provided in Attachments D and E. ISD and IBSSS rely heavily on state funding for their operations. In aggregate, the schools' operating appropriations were increased 3.3% (\$470,000) when compared to FY 2019. The schools share a common Superintendent and other administrators. While these positions are employed by ISD, IBSSS reimburses their share of the cost for these positions on a monthly basis.

FY 2020 Special School Budgets

	<u>Operating</u>	<u>Restricted</u>	<u>Total</u>
ISD	\$ 11,380,123	\$ 3,426,950	\$ 14,807,073
IBSSS	\$ 9,021,180	\$ 919,145	\$ 9,940,325
TOTAL	\$ 20,401,303	\$ 4,346,095	\$ 24,747,398

Iowa Public Radio (IPR)

In December 2004, the Board approved the creation of Iowa Public Radio, which includes a total of 26 radio stations at the University of Iowa (KSUI Radio Group), Iowa State University (WOI Radio Group), and the University of Northern Iowa (KUNI Radio Group).

In June 2013, the Board renewed the Public Service Operating Agreement between Iowa Public Radio and the Board of Regents. Under the operating agreement, Iowa Public Radio manages the operations of the Radio Groups on behalf of the Board of Regents and Universities consistent with FCC requirements for license control and serves as the primary fundraising entity.

IPR's FY 2020 operating appropriation of \$350,648 remains flat when compared to FY 2019. University support for IPR in FY 2020 has been reduced by 7.5%. The proposed FY 2020 budget is contained in Attachment F on page 48.

Salary Policies

The Board of Regents employs about 6,400 AFSCME-covered staff in blue collar, security, technical, clerical and education units at the five institutions. The statewide collective bargaining agreement with AFSCME provides a 2.1% on July 1, 2019 (also applicable for non-represented supervisory and confidential merit staff).

At the Board's June meeting, the Regents authorized the Executive Director to approve, in consultation with Board leadership, the salary policies for the non-organized faculty and staff for each institution. A summary of each institution's policy is provided in the attachments.

BOARD OF REGENTS, STATE OF IOWA
FY 2020 GENERAL FUND OPERATING BUDGETS

	University of Iowa									
	Gen. Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
APPROPRIATIONS										
General	\$218,710,793				\$2,134,120	\$4,297,032	\$1,745,379	\$643,641	\$5,991,216	\$233,522,181
RESOURCES										
Federal Support										-
Interest	1,445,000	12,255,965	-87,784	439,202		5,700	5,500			14,063,583
Tuition and Fees	477,684,807									477,684,807
Reimb. Indirect Costs	48,109,192	3,424,428	1,399,622	175,950	307,880	54,235				53,471,307
Sales and Service		1,664,253,436	30,445,980	8,053,254		2,174,816		101,794		1,705,029,280
Other Income	25,208	1,354,557	255,402							1,635,167
Subtotal - Inst. Income	527,264,207	1,681,288,386	32,013,220	8,668,406	307,880	2,234,751	5,500	101,794	-	2,251,884,144
TOTAL REVENUES	\$745,975,000	\$1,681,288,386	\$32,013,220	\$8,668,406	\$2,442,000	\$6,531,783	\$1,750,879	\$745,435	\$5,991,216	\$2,485,406,325
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$276,781,191	\$88,828,451	\$112,859	\$424,535		\$208,249		\$157,757	\$1,720,550	\$368,233,592
Prof. & Sci. Staff Salaries	160,904,188	642,248,192	17,807,702	4,890,140	110,186	3,359,646	290,306	585,676	1,928,119	832,124,155
General Service Staff Sal.	55,127,656	189,991,731	8,047,315	1,037,689	1,325,554	1,549,292			114,584	257,193,821
Hourly Wages	5,700,000	7,733,316	130,864	146,216		43,465			48,699	13,802,560
Subtotal - Salaries	498,513,035	928,801,690	26,098,740	6,498,580	1,435,740	5,160,652	290,306	743,433	3,811,952	1,471,354,128
Supplies and Services	59,267,464	700,314,164	4,200,360	1,900,129	132,810	1,305,331	1,460,573	2,002	1,798,137	770,380,970
Library Acquisitions	19,231,258									19,231,258
Rentals	6,900,000	15,572,229	6,263	550		64,000			110,500	22,653,542
Utilities	38,266,426	34,755,680	1,673,502	236,973	544,750	1,800				75,479,131
Bldg. Repairs	15,539,337	1,844,623	34,355	32,174	328,700					17,779,189
Auditor of State Reimb.	765,000									765,000
Equipment	2,699,500								45,442	2,744,942
Aid to Individuals	104,792,980								225,185	105,018,165
Subtotal - Other Expenses	247,461,965	752,486,696	5,914,480	2,169,826	1,006,260	1,371,131	1,460,573	2,002	2,179,264	1,014,052,197
TOTAL EXPENDITURES	\$745,975,000	\$1,681,288,386	\$32,013,220	\$8,668,406	\$2,442,000	\$6,531,783	\$1,750,879	\$745,435	\$5,991,216	\$2,485,406,325

BOARD OF REGENTS, STATE OF IOWA
FY 2020 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University					University of Northern Iowa					
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal	ISD	IBSSS	Operating Total
APPROPRIATIONS											
General	\$174,624,125	\$29,886,877	\$18,266,722	\$7,822,146	\$230,599,870	\$99,712,362	\$8,213,352	\$107,925,714	\$10,299,287	\$4,334,759	\$586,681,811
RESOURCES											
Federal Support		5,405,000	10,000,000		15,405,000				56,970		15,461,970
Interest	1,889,150				1,889,150	626,771		626,771	1,000		16,580,504
Tuition and Fees	471,327,000				471,327,000	75,058,878		75,058,878			1,024,070,685
Reimb. Indirect Costs	21,497,998				21,497,998	1,079,649		1,079,649	15,000	56,278	76,120,232
Sales and Service						534,393		534,393	809,000	3,775,151	1,710,147,824
Other Income	1,286,700				1,286,700			-	198,866	854,992	3,975,725
Subtotal - Inst. Income	496,000,848	5,405,000	10,000,000	-	511,405,848	77,299,691	-	77,299,691	1,080,836	4,686,421	2,846,356,940
TOTAL REVENUES	\$670,624,973	\$35,291,877	\$28,266,722	\$7,822,146	\$742,005,718	\$177,012,053	\$8,213,352	\$185,225,405	\$11,380,123	\$9,021,180	\$3,433,038,751
EXPENDITURES											
Fac. & Inst. Off. Salaries	\$253,220,100	\$22,746,000	\$6,834,000	\$3,265,200	\$286,065,300	\$70,697,829	\$372,287	\$71,070,116	\$3,776,507	\$5,811,998	734,957,513
Prof. & Sci. Staff Salaries	123,420,000	7,750,000	17,850,000	3,087,200	152,107,200	38,685,531	1,382,992	40,068,523	2,410,092	519,821	1,027,229,791
General Service Staff Sal.	30,000,000	1,200,000	600,000	25,525	31,825,525	24,884,525	100,699	24,985,224	2,926,061	800,756	317,731,387
Hourly Wages	6,200,000	350,000	175,000	67,600	6,792,600	1,918,512	101,865	2,020,377			22,615,537
Subtotal - Salaries	412,840,100	32,046,000	25,459,000	6,445,525	476,790,625	136,186,397	1,957,843	138,144,240	9,112,660	7,132,575	2,102,534,228
Supplies and Services	66,684,873	2,495,877	2,657,722	1,181,621	73,020,093	13,042,974	6,175,509	19,218,483	1,711,273	1,567,073	865,897,892
Library Acquisitions	12,100,000				12,100,000	1,916,249		1,916,249		15,000	33,262,507
Rentals	2,200,000	40,000	100,000	55,000	2,395,000	877,578		877,578		35,000	25,961,120
Utilities	33,500,000	10,000			33,510,000	7,639,158		7,639,158	286,750	210,500	117,125,539
Bldg. Repairs	15,000,000	50,000			15,050,000	1,400,000		1,400,000	225,000	29,532	34,483,721
Auditor of State Reimb.	750,000				750,000	370,900		370,900	44,440	31,500	1,961,840
Equipment	7,000,000	300,000	10,000	100,000	7,410,000	478,797	80,000	558,797			10,713,739
Aid to Individuals	120,550,000	350,000	40,000	40,000	120,980,000	15,100,000		15,100,000			241,098,165
Subtotal - Other Expenses	257,784,873	3,245,877	2,807,722	1,376,621	265,215,093	40,825,656	6,255,509	47,081,165	2,267,463	1,888,605	1,330,504,523
TOTAL EXPENDITURES	\$670,624,973	\$35,291,877	\$28,266,722	\$7,822,146	\$742,005,718	\$177,012,053	\$8,213,352	\$185,225,405	\$11,380,123	\$9,021,180	\$3,433,038,751

BOARD OF REGENTS
STATE OF IOWA
FY 2020 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	Restricted Total
APPROPRIATIONS						
Innovation Fund	\$1,050,000	\$1,050,000	\$900,000			\$3,000,000
Tuition Replacement	15,069,567	9,531,227	3,498,076			28,098,870
Capital		19,500,000		3,000,000		22,500,000
Other	967,161	288,000				1,255,161
RESOURCES						
Federal Support	238,750,000	180,000,000	17,021,677	\$303,433	\$729,145	436,804,255
Interest	33,866,000	3,000,000	2,475,000	525		39,341,525
Tuition and Fees	73,388,000	18,200,000	20,337,151			111,925,151
Reimbursed Indirect Costs	25,362,000	12,000,000				37,362,000
Sales and Service	912,311,000	65,000,000	97,404,378	122,992		1,074,838,370
Other Income	440,990,272	479,300,000	30,000,000		190,000	950,480,272
Subtotal - Inst. Income	1,724,667,272	757,500,000	167,238,206	426,950	919,145	2,650,751,573
TOTAL REVENUES	\$1,741,754,000	\$787,869,227	\$171,636,282	\$3,426,950	\$919,145	\$2,705,605,604
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$407,515,000	\$78,000,000	\$4,930,444	\$114,065	\$416,725	\$490,976,234
Prof. & Sci. Staff Salaries	326,437,000	123,000,000	21,901,423	108,394	16,801	471,463,618
General Service Staff Salaries	54,515,000	42,000,000	12,659,278			109,174,278
Hourly Wages	31,231,000	25,000,000	6,928,327			63,159,327
Subtotal - Salaries	819,698,000	268,000,000	46,419,472	222,459	433,526	1,134,773,457
Prof. and Scientific Supplies	450,584,000	272,669,227	58,047,708	204,491	435,619	781,941,045
Library Acquisitions	110,000		30,000			140,000
Rentals	9,844,000		875,000			10,719,000
Utilities	13,774,000	14,200,000	5,706,967			33,680,967
Building Repairs	10,806,000	5,000,000	5,284,469		50,000	21,140,469
Equipment	56,594,000	12,000,000	3,046,072			71,640,072
Student Aid	77,003,000	68,000,000	24,082,583			169,085,583
Debt Service	124,341,000	54,000,000	16,180,087			194,521,087
Plant Capital	179,000,000	94,000,000	11,963,924	3,000,000		287,963,924
Subtotal - Other Expenses	922,056,000	519,869,227	125,216,810	3,204,491	485,619	1,570,832,147
TOTAL EXPENDITURES	\$1,741,754,000	\$787,869,227	\$171,636,282	\$3,426,950	\$919,145	\$2,705,605,604

BOARD OF REGENTS
STATE OF IOWA
FY 2020 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	All Funds Total
APPROPRIATIONS						
General	\$233,522,181	\$230,599,870	\$107,925,714	\$10,299,287	\$4,334,759	\$586,681,811
Innovation	1,050,000	1,050,000	900,000			3,000,000
Tuition Replacement	15,069,567	9,531,227	3,498,076			28,098,870
Capital	-	19,500,000	-	3,000,000	-	22,500,000
Other	967,161	288,000				1,255,161
RESOURCES						
Federal Support	238,750,000	195,405,000	17,021,677	360,403	729,145	452,266,225
Interest	47,929,583	4,889,150	3,101,771	1,525	-	55,922,029
Tuition and Fees	551,072,807	489,527,000	95,396,029			1,135,995,836
Reimb. Indirect Costs	78,833,307	33,497,998	1,079,649	15,000	56,278	113,482,232
Sales and Service	2,617,340,280	65,000,000	97,938,771	931,992	3,775,151	2,784,986,194
Other Income	442,625,439	480,586,700	30,000,000	198,866	1,044,992	954,455,997
Subtotal - Inst. Income	3,976,551,416	1,268,905,848	244,537,897	1,507,786	5,605,566	5,497,108,513
TOTAL REVENUES	\$4,227,160,325	\$1,529,874,945	\$356,861,687	\$14,807,073	\$9,940,325	\$6,138,644,355
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$775,748,592	\$364,065,300	\$76,000,560	\$3,890,572	\$6,228,723	\$1,225,933,747
Prof. & Sci. Staff Salaries	1,158,561,155	275,107,200	61,969,946	2,518,486	536,622	1,498,693,409
General Service Staff Sal.	311,708,821	73,825,525	37,644,502	2,926,061	800,756	426,905,665
Hourly Wages	45,033,560	31,792,600	8,948,704			85,774,864
Subtotal - Salaries	2,291,052,128	744,790,625	184,563,712	9,335,119	7,566,101	3,237,307,685
Prof. and Scientific Supp.	1,220,964,970	345,689,320	77,266,191	1,915,764	2,002,692	1,647,838,937
Library Acquisitions	19,341,258	12,100,000	1,946,249	-	15,000	33,402,507
Rentals	32,497,542	2,395,000	1,752,578	-	35,000	36,680,120
Utilities	89,253,131	47,710,000	13,346,125	286,750	210,500	150,806,506
Bldg. Repairs	28,585,189	20,050,000	6,684,469	225,000	79,532	55,624,190
Auditor of State Reimb.	765,000	750,000	370,900	44,440	31,500	1,961,840
Equipment	59,338,942	19,410,000	3,604,869	-	-	82,353,811
Aid to Individuals	182,021,165	188,980,000	39,182,583			410,183,748
Debt Service	124,341,000	54,000,000	16,180,087			194,521,087
Plant Capital	179,000,000	94,000,000	11,963,924	3,000,000		287,963,924
Subtotal - Other Expenses	1,936,108,197	785,084,320	172,297,975	5,471,954	2,374,224	2,901,336,670
TOTAL EXPENDITURES	\$4,227,160,325	\$1,529,874,945	\$356,861,687	\$14,807,073	\$9,940,325	\$6,138,644,355

FY 2020 BUDGETS – UNIVERSITY OF IOWA

The University of Iowa's academic, administrative and shared governance leaders continue their efforts to develop and refine the new, value-based budgeting process. With the goal of establishing a process that empowers unit leaders to prioritize funding in order to support their respective missions and to improve financial transparency, the following principles guided decisions in forming the FY 2020 budget:

• **New Budget Model – Characteristics**

- Value-based, transparent and shaped by guiding principles (Student Success, Quality Indicators, Our Values, Our Future)
- Flexible design to support and finance the 2016-21 University of Iowa Strategic Plan
- Based on annual increases/decreases to the GEF “Collegiate Economic Analysis” report

• **New Budget Model – Goals**

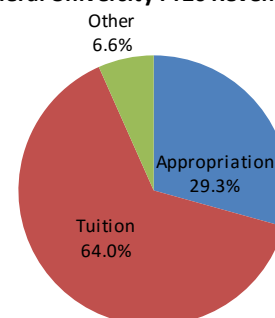
- Maximize annual net tuition revenue
- Improve stability in the face of declining state support
- Incentivize new revenue generation
- Provide recurring/non-recurring funding for strategic initiatives
- Ensure collegiate/non-collegiate unit financial accountability
- Improve salary competitiveness
- Reward collaboration within and among colleges
- Fund salary and benefit adjustment and/or other inflationary increments through new revenues, efficiencies or reprioritization
- Provide guidelines for equitably sharing centralized costs
- Develop multi-year revenue/expense projections

This collaborative process and budget model allowed the University to develop a General Education Fund budget reinforcing its principles and mission of education, research and discovery, while also addressing downward adjustments in state appropriations. All other FY 2020 budgets were developed simultaneously with the General Education Fund budget under similar and, in most instances, identical policies and guidelines.

SUI FY 2020 General University Operating Budget

Tuition revenues comprise 64.0% of the \$746 million General University revenue budget with 29.3% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$1.0 million in incremental revenue; 0.1% more than the FY 2019 budget.

SUI General University FY20 Revenue Budget



FY 2019 Budget \$ 745.0 million

Revenue Changes:

Base Appropriation	4.0 million
Tuition	(5.1) million
Indirect Cost Recoveries/Interest	2.1 million
Revenue Change	1.0 million

FY 2020 Budget \$ 746.0 million

The table below provides a summary of the tuition increases for the 2019-20 academic year approved by the Board in June 2019. While SUI is anticipating a larger incoming freshmen class, gross tuition revenue is budgeted to decline by \$5.1 million in FY 2020 due to the elimination of the Summer Hawk Tuition Grant program and other projected enrollment changes.

UNIVERSITY OF IOWA	2018-19	Increase	2019-20	% Inc
Undergrad-Resident	7,770.00	303.00	8,073.00	3.9%
Undergrad-Nonresident	29,736.00	300.00	30,036.00	1.0%
Grad-Resident	9,785.00	294.00	10,079.00	3.0%
Grad-Nonresident	28,726.00	300.00	29,026.00	1.0%

Budget projections indicate an increase in indirect cost recoveries of \$1.8 million in FY 2020 from a higher indirect cost rate and anticipated federal research activities. Interest and other income estimates within the General Education Fund are budgeted to increase slightly in FY 2020.

During FY 2020, the University will continue to use the new budget model to identify, evaluate and possibly discontinue or close activities in which state resources are no longer sufficient to support these functions. The University must ensure available resources align with the University's strategic plan and sustain financial viability. Scarce resources will continue to be directed to student success, research and economic development programs.

The University's new budgeting process provides a framework for accelerating advancement in strategically targeted areas while maintaining and contributing to the high quality in core missions and central programs.

Distribution of new revenues to collegiate and central units is calculated utilizing predetermined methodologies to improve transparency and predictability for units. For example, new revenue generated by a college that is subject to share, such as tuition, allows for 70 percent of new revenue to remain with the college. Thirty percent is distributed to central service units responsible for providing core administrative services to collegiate and/or auxiliary units. Once revenue distributions are calculated, collegiate and non-collegiate units set priorities and create spending plans guided by the four budgeting principles (Student Success, Quality Indicators, UI Values, and UI Future).

The University implemented the terms of the AFSCME and COGS (graduate assistants) collective bargaining agreements. Potential performance and/or cost-of-living increases for Faculty and Non-Bargaining P&S staff will be considered for January. Making these salary increase decisions effective in January allows for a clearer picture of tuition revenue following September enrollment counts and any potential changes in the state budget. In total, GEF salary and benefit costs are budgeted 1.1% higher for FY 2020 when compared to FY 2019.

For FY 2020, the University is estimating to decrease its overall student aid budget by \$6.1 million. The reduction is directly related to the elimination of the Summer Hawk Tuition Grant program. SUI is committed to identifying new ways to meet student needs and will focus efforts on sustainable means of helping students graduate on time and receive the highest value education it can provide.

The estimated change in utilities, custodial services, information technology and general maintenance and renewal costs for new or improved General Education Fund-supported buildings in FY 2020 is \$4.8 million. This increase includes new costs associated with the opening of two new facilities, the College of Pharmacy Bldg. and the Psychological and Brain Sciences Bldg.

Throughout the year, central service advisory committees provided ongoing review and advice to business units. In the spring of 2019, committees forwarded proposals for either operational cost savings or increases for consideration to the University's administrative Budget Review Board. For FY 2020, the Budget Review Board approved \$1.6 million to ensure the University's highest operational priorities receive adequate funding.

The \$746 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, and scholarships and fellowships comprise 72% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2020</u>	<u>% Total</u>
Instruction	295,587	39.6%
Research	30,222	4.1%
Public Service	2,821	0.4%
Academic Support	133,939	18.0%
Student Services	25,698	3.4%
Institutional Support	46,322	6.2%
Operations & Maintenance of Plant	106,593	14.3%
Scholarships & Fellowships	104,793	14.0%
Total	745,975	100.0%

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2020 UIHC operating budget of \$1.68 billion is provided on page 5.

In FY 2020, the strategic focus for UIHC will continue to center on the offering of a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the University, and providing a base for innovative research to improve health care. The following three commitments are identified in the strategic plan and were key drivers in developing the FY 2020 operating budget.

1. Innovative Care

- Care Delivery - UIHC will be recognized as a state and national leader in efficient health care delivery models that emphasize quality-driven patient experience.
- Clinical Programs – Select UIHC clinical services will be leaders in the state and national market by offering cutting-edge clinical services, robust clinical research and strong training opportunities.

2. Excellent Service

- Patient Satisfaction – Patients and families will be highly satisfied with their entire UIHC experience in all settings.
- Referring Physician Satisfaction – UIHC will be recognized by referring physicians for its efficient and effective support to their patients.
- Staff, Faculty and Volunteer Engagement – Staff, faculty and volunteers are valued and engaged in the pursuit of UIHC's vision.

3. Exceptional Outcomes

- Safety – UIHC will provide a continuously improving, safe environment for all patients and staff at all times.
- Clinical Outcomes – UIHC will use a continuous improvement process to achieve exceptional clinical outcomes.

There are ever-increasing financial pressures on the healthcare industry. Both governmental and non-governmental payors are looking to reduce health care spend. In FY 2020, UI Health Care faces continued pressure on reimbursement rates from Medicare and Medicaid, as the Centers for Medicare and Medicaid Services continue to place increasing importance on quality programs and cost reduction. The State of Iowa also continues to face financial challenges that may affect both academic and clinical funding for University of Iowa Health Care. Managed Medicaid programs will continue to look for ways to limit claims spend. Lastly, with the effects of healthcare reform, we will continue to see a push toward providers taking more risk for quality and efficiency results. These and other external challenges will have an impact in all areas of our mission, ranging from near flat reimbursement for patient care services to continued constraint and competition for research funding. The necessity to continue to maximize revenue opportunities, grow market share, ensure ease of access to our services, improve throughput, further enhance service excellence and be even more cost efficient in our operations continues to be essential.

Expense inflation (salary and non-salary) continues to outpace the level of payor rate increases. An average "all-in" salary increase of around 3.0% is projected for next year due to base salary increases and changes in the fringe benefit pool rates. While UIHC continues to standardize product utilization and implement supply chain savings initiatives, medical and surgical supply costs are estimated to rise 3.0% or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 2.0% range.

UIHC predicts continued high demand for its services. Inpatient acute admissions are expected to increase approximately 2.8% while outpatient activity is anticipated to grow more than 5.0% over FY 2019 projections. The case mix index, reflective of the acuity of care required by inpatients, is anticipated to remain high at a level of 2.1.

Additional net revenues will be required in FY 2020 to meet the 3.9% operating margin budgeted. These additional net revenues will be achieved through new volumes and a rate increase of 6.0% approved by the Board in April effective July 1, 2019. Market data indicates that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development (CDD) and Specialized Child Health Services (SCHS). The proposed combined FY 2020 budget for these units is \$41.4 million and are provided on page 5.

SUI FY 2020 Special Purpose Appropriations

The following table lists SUI's special purpose units that received state operating funding for FY 2020. With the exception of the new appropriations for Biosciences Innovation and for the Center for Ag Safety and Health, all other special purpose units were flat-funded (0% increase) when compared to FY 2019.

<u>SUI SPECIAL PURPOSE UNITS</u>	<u>Final FY 2019 APPROPRIATIONS</u>	<u>FY 2020 APPROPRIATIONS</u>	<u>Difference</u>
OAKDALE CAMPUS	2,134,120	2,134,120	-
HYGIENIC LABORATORY	4,297,032	4,297,032	-
FAMILY PRACTICE	1,745,379	1,745,379	-
SCHS - CANCER, HEMOPHILIA, HIGH RISK INFANT	643,641	643,641	-
PRIMARY HEALTH CARE	633,367	633,367	-
STATE OF IOWA CANCER REGISTRY	145,476	145,476	-
SUBSTANCE ABUSE CONSORTIUM	54,197	54,197	-
BIOCATALYSIS	706,371	706,371	-
BIRTH DEFECTS REGISTRY	37,370	37,370	-
ECONOMIC DEVELOPMENT	209,279	209,279	-
ONLINE PLACEMENT ACADEMY	470,293	470,293	-
IOWA FLOOD CENTER	1,171,222	1,171,222	-
ENTREPRENEURSHIP	2,000,000	2,000,000	-
WATERMAN NONROFIT RESOURCE CTR	158,641	158,641	-
NEW: BIOSCIENCES INNOVATION	-	275,000	275,000
NEW: AG SAFETY AND HEALTH	-	130,000	130,000

➤ **SUI Oakdale Campus**

The Oakdale Campus budget outlines the distribution of appropriations and other income components to the University of Iowa for the operation of the Oakdale Campus. Budget decisions were made in accordance with goals and objectives set forth in the University Strategic Plan. The Oakdale Campus budget is designed to provide a working environment to stimulate research, outreach and support activities on the Oakdale Campus. This budget supports significant building, utility and maintenance costs associated with space occupied by the State Hygienic Lab and other specialized research facilities.

Salaries for Operations and Maintenance in the Oakdale Campus include Building Maintenance, Landscape Services, Custodial Services and Utilities. Other expenses include equipment, materials and services that are required to maintain an environment to conduct research, primarily used in the Building Maintenance, Landscape Services and Custodial Services operations.

REVENUES	<u>FY 20 Budget</u>
Appropriations	2,134,120
Reimb. Indirect Costs	307,880
TOTAL REVENUES	2,442,000
EXPENDITURES	
Salaries/Benefits	1,435,740
Supplies and Services	132,810
Utilities	544,750
Bldg. Repairs	328,700
TOTAL EXPENDITURES	2,442,000

➤ SUI Hygienic Laboratory

State Hygienic Laboratory (SHL) is established in Iowa Administrative Code to provide public health and environmental testing and surveillance, food safety testing and surveillance, chemical and bioterrorism response, newborn screening and testing, education and training, and applied research. Key partners include the Iowa Department of Public Health, the Iowa Department of Natural Resources, hospitals and clinical labs throughout the state and region, and university researchers. SHL serves all 99 Iowa counties, in addition to providing services from clients throughout the nation.

Continuity of funding continues to be a primary concern for SHL. Funding from all sources has not kept pace with increasing costs for staff benefits, reagents and other supplies. Laboratory testing technology is changing rapidly and is increasingly expensive. Continuing to provide a high level of service to Iowans while also being able to invest in instrumentation that positions SHL for future growth is a key challenge.

SHL is making multiple efforts to improve its financial position despite funding challenges. To reduce costs, SHL completed the furloughs of 11 P&S staff members in FY 2019. Work continues on opportunities for supply cost reduction and revenue enhancement for both fee-for-service testing opportunities and increased collaborative grant funding opportunities.

REVENUES	<u>FY 20 Budget</u>
Appropriations	4,297,032
Interest	5,700
Reimb. Indirect Costs	54,235
Sales and Service	<u>2,174,816</u>
TOTAL REVENUES	6,531,783
EXPENDITURES	
Salaries/Benefits	5,160,652
Supplies and Services	1,305,331
Rentals	64,000
Utilities	<u>1,800</u>
TOTAL EXPENDITURES	6,531,783

➤ SUI Family Practice

The goal of this program is to improve access to primary health care services across the state of Iowa through recruiting and retaining these graduates to practice within dispersed areas of the state. This program serves as a great example of a successful public – private partnership with much of the financial support provided by the local hospitals. This funding goes directly to each UI Affiliated Family Medicine Residency Program across Iowa. Each of the seven residency programs receives approximately \$200,000 to support the ongoing operations at each site producing family medicine physicians.

The statewide family practice programs are in Davenport, Cedar Rapids, Waterloo, Mason City, Sioux City and two in Des Moines (Iowa Lutheran and Broadlawns). There are currently 51 positions for new family practice residents each year, replacing 51 graduates or a three year total of 153 residents in training. The Carver College of Medicine Office of Statewide Clinical Education Programs provides educational, administrative and research support for the community sites.

REVENUES	<u>FY 20 Budget</u>
Appropriations	1,745,379
Interest	<u>5,500</u>
TOTAL REVENUES	1,750,879
EXPENDITURES	
Salaries/Benefits	290,306
Supplies and Services	<u>1,460,573</u>
TOTAL EXPENDITURES	1,750,879

➤ SUI Specialized Children's Health Services (SCHS)

State funding for SCHS provides the core support for three programs of crucial importance: the Iowa High Risk Infant Follow-up Program, a community-based Comprehensive Cancer Program, and a Rural Hemophilia Program. Each of these programs provides essential services to support family-centered community-based care to children with special needs. UIHC staff provides individualized medical evaluation and subsequent consultation to community providers to support medical care of the child within the local community. These unique relationships with the community providers are in concert with the University's strategic plan and support the public health initiatives to provide care and support to these children in their local medical homes.

The funding for these three programs creates access for especially vulnerable populations in Iowa to highly specialized pediatric services in a cost-effective manner. In addition to receiving the benefits of coordinated, comprehensive care in their local communities, patients and their families are able to benefit from improved quality of life in less time lost from work and school, and minimized travel that is necessary for long-term treatment.

REVENUES	<u>FY 20 Budget</u>
Appropriations	643,641
Sales and Service	101,794
TOTAL REVENUES	745,435
EXPENDITURES	
Salaries/Benefits	743,433
Supplies and Services	2,002
TOTAL EXPENDITURES	745,435

➤ SUI Primary Health Care

The Carver College of Medicine Office of Statewide Clinical Education Program operates four continuing programs with this appropriation. These initiatives fill important gaps in the state's efforts to educate, retain and track health professionals. They directly support or complement other operational programs that are educating and training future members of the health professions workforce.

Program allocations are as follows:

• Department of Family Medicine Faculty and Staff	\$248,776
• Regional Medical Education Centers Grant Program	\$172,824
• Iowa Health Professions Inventory	\$142,254
• Rural Physician Support Program	\$ 69,513

REVENUES	<u>FY 20 Budget</u>
Appropriations	633,367
EXPENDITURES	
Salaries/Benefits	457,111
Supplies and Services	176,256
TOTAL EXPENDITURES	633,367

➤ SUI State of Iowa Cancer Registry

In 2019, an estimated 6,400 Iowans will die from cancer, 17 times the number caused by auto fatalities. Cancer surpassed heart disease as the leading cause of death in Iowa in 2007, accounting for about a quarter of all causes of death. Two in five Iowans will be diagnosed with cancer in their lifetimes. In 2019 alone, it is expected that 17,800 new cancers will be diagnosed among Iowa residents. Cancer is a major burden in Iowa and throughout the US. Because of the critical need for data, cancer is a reportable disease in all 50 states, although Iowa is one of only a few states that do not currently provide penalties for facilities that do not report.

Statewide cancer incidence data are available due to the existence of the Iowa Cancer Registry (ICR). Since 1973, the ICR has been a member of the National Cancer Institute's prestigious Surveillance, Epidemiology and End Results (NCI SEER) Program. Iowa represents rural agricultural and Midwestern populations and provides data included in many national NCI publications. A follow-up program tracks more than 99% of the cancer survivors diagnosed since 1973.

The existence of the ICR allows for the study of the cancer experience of Iowans and focuses national attention and research dollars on this issue. The presence of the ICR and its database have helped attract numerous research projects and funds to Iowa from other federal agencies such as the Environmental Protection Agency, the Centers for Disease Control and Prevention, and the National Institutes of Health. Annually, several millions of dollars are received from these agencies that are directly attributable to the existence of the ICR.

REVENUES	<u>FY 20 Budget</u>
Appropriations	145,476
EXPENDITURES	
Salaries/Benefits	86,054
Supplies and Services	38,980
Equipment	<u>20,442</u>
TOTAL EXPENDITURES	145,476

➤ SUI Substance Abuse Consortium

The Iowa Consortium for Substance Abuse Research and Evaluation (Consortium) is an alliance committed to strengthening substance abuse prevention and intervention activities through collaborative research. The Consortium coordinates research and knowledge transfer among researchers, assists professionals in the field, and informs public policy makers in the area of substance abuse. The Consortium's Coordinating Board is made up of representatives from SUI, UNI and ISU; state departments of Public Health, Corrections and Drug Control Policy; and representatives from local substance abuse service agencies.

The Consortium facilitates multidisciplinary research to evaluate substance abuse prevention and treatment efforts in the State of Iowa. Research and evaluation activities involve practitioners, treatment providers, state agency representatives, government policymakers, and researchers from institutions of higher education.

In the coming year, the Consortium will continue its unique capacity for interdisciplinary alcohol and drug research and evaluation in Iowa.

REVENUES	<u>FY 20 Budget</u>
Appropriations	54,197
EXPENDITURES	
Salaries/Benefits	54,197

➤ SUI Biocatalysis

The Center for Biocatalysis and Bioprocessing (CBB) is an interdisciplinary academic research center at the University of Iowa. Its mission is to: a) enhance faculty and student development in the broad areas of biocatalytic science and bioprocess engineering, b) drive innovative industrial fermentation processes through efforts within its state-of-the-art bioprocessing pilot plant facility, and c) accelerate economic development through translational research and academic derived intellectual property.

The Center's activities stem from a group of scientists, laboratory personnel, graduate students and postdoctoral associates focused on creation and dissimulation of knowledge in biocatalytic science. The academic group is recognized for its scientific talent that has secured in excess of \$15 million annually in extramural research support. The Center operates a long-standing NIH-funded Training Grant in Biotechnology. A portion of the Center's operating budget supplements these NIH fellowships and, more importantly, supports additional fellowships for top caliber graduate students across academic disciplines. The Center also provides resources for undergraduate students in the form of employment within the Center as well as with a hands-on instruction. A new CBB Student Affiliates program is under development to better engage both graduate and undergraduate students to explore careers in biotechnology.

The CBB Fermentation and Bioprocessing Facility is a world-class pilot-scale operation that is unmatched by any other university in the United States. This facility serves as a contract development and manufacturing organization (CDMO) with the objective of creating high value biotechnology products.

The Center continues to support workforce development and economic development. The Center helps Iowa startup companies to produce novel biomaterials and to create commercially viable manufacturing processes, both of which enhance investment opportunities. The ability to manufacture bio-based chemicals is central to their support of investigative new drug (IND) applications required to gain approval from the FDA for Phase I clinical testing. In addition, the Center works with several well-established companies in Iowa, and from around the world, to produce high value protein-based products.

State funds are leveraged with CBB facility-generated resources to support a newly created seed grant program designed to catalyze innovations in research across academic research disciplines. The objective of each seed grant is to stimulate fresh ideas and create new collaborations for the purpose of attacking long-standing societal problems, strengthening graduate programs, and stimulating the submission of grant applications to federal granting agencies.

REVENUES	<u>FY 20 Budget</u>
Appropriations	706,371
EXPENDITURES	
Salaries/Benefits	239,759
Supplies and Services	172,150
Rentals	100,000
Equipment	25,000
Aid to Individuals	<u>169,462</u>
TOTAL EXPENDITURES	706,371

➤ SUI Birth Defects Registry

In the United States, every 4½ minutes, a child is delivered with a major birth defect. Major birth defects are abnormalities of an organ structure or function that result in physical disability, mental disability or death. They also are a leading cause of infant mortality and contribute substantially to morbidity and long-term disability, as well as the expenditure of millions of dollars annually in health care costs.

The Iowa Registry for Congenital and Inherited Disorders, or IRCID (formerly the Iowa Birth Defects Registry), was established by the Iowa General Assembly (Chapter 23 of the Iowa Code) in 1983 to maintain statewide surveillance for birth defects and to monitor trends in birth defect occurrence and mortality. Data collected permit comparison of birth defect rates in geographic areas of interest (e.g. cities or counties) with state and national rates. In addition, data are used to monitor trends in birth defect occurrence by population characteristics such as maternal age. Statewide surveillance is necessary to accurately evaluate such trends and to guide health promotion and birth defect prevention efforts in Iowa.

Education and health promotion efforts that use IRCID data include lectures, press releases, articles, public service announcements, and disseminating educational materials. Annually, the IRCID provides a web-based report to disseminate information regarding congenital and inherited disorder surveillance, research, and prevention efforts ongoing in Iowa. Collaborating with the Iowa Department of Public Health, the IRCID implemented a program to engage the Iowa community by providing parents of live born children diagnosed with birth defects resource materials and referrals to appropriate clinical, educational, and social services.

REVENUES	<u>FY 20 Budget</u>
Appropriations	37,370
EXPENDITURES	
Salaries/Benefits	37,370

➤ SUI Economic Development

The Economic Development appropriation supports the Center for Advanced Drug Development (CADD) and the Research Park.

CADD is a division of the University of Iowa, College of Pharmacy and a component of University of Iowa Pharmaceuticals (UIP). The Center offers contract analytical services to the pharmaceutical and biotechnology industry and is part of UIP - the only comprehensive FDA registered facility in a College of Pharmacy in the United States. UIP offers the unique capability to produce under contract limited quantities of new medicines under FDA regulations. This capacity is particularly valuable to firms wishing to bring new products through clinical trials. The present budget seeks funds to continue support for the companion CADD.

This Center, which is an integral resource in the bioeconomy economic development agenda of the state, offers analytical services and contract services relevant to the clinical trials process which complement those of UIP.

The CADD addresses a crucial economic need to shorten the lead time between new pharmaceutical discoveries in the laboratory and their commercialization in the market place. Because pharmaceuticals occupy such a potentially important part of the state's high technology portfolio as well as a critical role in the University's economic development efforts, continued investment in the Center will increase economic resources in a strongly competitive environment. In addition, as the state looks ahead to an investment to enhance its biotechnology infrastructure for both animal and human health, the Center will play a major role (along with the Center for Biocatalysis and Bioprocessing and the College of Pharmacy) in the University's ability to interact with the biotechnology industry to shorten the time to market for new therapies. This new initiative will also attract interest from a completely new industry base, composed of mainly start-up companies, who may be recruited to Iowa.

Established by the University in 1989, the Research Park has built a nucleus of businesses in Iowa that are drawn by the strengths of the University. The labor shed for over 1,600 employees of laboratories and companies affiliated with the Research Park, and the BioVentures Center, the state's largest wet lab incubator. A total of 45 companies are currently located on the Research Park. This is in keeping with the University of Iowa's strategic plan for engagement with external constituencies and participation in Iowa's economic growth.

Integrating researchers and entrepreneurs is the goal of the Research Park and the BioVentures Center and as such it is critical that the following assets are located and co-located at the Research Park:

- The State-funded laboratory of the Center for Biocatalysis and Bioprocessing (CBB)
- The National Advanced Driving Simulator, a major, fully operational co-venture with the U.S. Department of Transportation
- A state-of-the art, 16,000 sq. ft. Hydraulics Wave Basin facility
- The analytical method development and drug stability testing unit of the University of Iowa Pharmaceuticals facility, a unit of the College of Pharmacy, and the State's Hygienic Laboratory

REVENUES	<u>FY 20 Budget</u>
Appropriations	209,279
EXPENDITURES	
Salaries/Benefits	197,032
Supplies and Services	<u>12,247</u>
TOTAL EXPENDITURES	209,279

➤ SUI Online Placement Academy

The Iowa Online Advanced Placement Academy (IOAPA) was established in 2001 and is administered by the University of Iowa's Belin-Blank Center. The program provides advanced placement (AP) courses to all high schools in Iowa with an emphasis on small/rural schools. IOAPA also provides training for Iowa teachers to deliver AP courses in their home schools and is critical in helping Iowa meet the requirements of the Senior Year plus statute.

Since the establishment of IOAPA, over 14,000 Iowa students have taken AP courses online with impressive completion/pass rates ranging between 89-96%. Largely due to the success of IOAPA, Iowa's rank went from 45th to 27th nationally in terms of percentage of schools offering AP. The U.S. Department of Education selected IOAPA as one of the nation's top six programs to feature in a special report regarding online courses for advanced learners.

Iowa students have performed above the national average on AP exams every year since 2001. In 2015 Iowa students ranked 17th nationally on AP exam performance. Students in all Iowa schools now have access to AP and thus geography no longer dictates opportunity.

REVENUES	<u>FY 20 Budget</u>
Appropriations	470,293
EXPENDITURES	
Salaries/Benefits	133,736
Supplies and Services	<u>336,557</u>
TOTAL EXPENDITURES	470,293

➤ SUI Iowa Flood Center

The Iowa Flood Center (IFC) at the University of Iowa provides Iowans with accurate, state-of-the-art, science-based information to help individuals and communities better understand their flood risks. The IFC's overarching objective is to improve flood monitoring and prediction capabilities in Iowa, while studying and developing strategies to reduce and manage floods.

The FY 2020 funds will be used to provide support for faculty, staff, researchers and graduate students who dedicate their time to the mission and work of the Iowa Flood Center. The IFC will use the FY 2020 appropriation, along with additional grant funding from other sponsors, to support projects that include:

- Hosting and continuing to refine and add new tools to the Iowa Flood Information System (IFIS)—an easy-to-use online application to provide real-time information on precipitation, soil temperature and moisture, and stream levels across Iowa. In FY 2020 IFC will work on a new version of IFIS ("IFIS lite") that is especially user friendly for the general public;
- Continuing to maintain instrumentation and data plans for over 250 stream stage sensors across the state. This year IFC needs to visit all of the sensors to replace their modems, which will no longer be supported by the provider (Verizon) after 12/31/2019;
- Continuing to improve upon, add and maintain rain gauge and soil moisture/temperature monitoring platforms deployed in watersheds across the state in partnership with other IIHR projects (i.e. the Iowa Watershed Approach) and with other external partners;
- Continuing development of high-resolution, web-based flood inundation maps if possible;
- Continuing watershed-scale research to understand how small-scale mitigation projects can reduce flood damage in a watershed (in conjunction with the Iowa Watershed Approach);
- Educating graduate students; and
- Organizing public outreach programs (STEM festivals for K-12, public presentations, press releases, updated online information, social media, and other activities to share IFC tools and information with the general public).

REVENUES	<u>FY 20 Budget</u>
Appropriations	1,171,222
EXPENDITURES	
Salaries/Benefits	968,499
Supplies and Services	136,500
Rentals	10,500
Aid to Individuals	<u>55,723</u>
TOTAL EXPENDITURES	1,171,222

➤ SUI Entrepreneurship

The entrepreneurship and economic development growth initiative is a collaborative partnership among the University of Iowa's John Pappajohn Entrepreneurial Center (Iowa JPEC), the Office of the Vice President for Research, the Office of the Executive Vice President & Provost, and the colleges of Business, Engineering, Liberal Arts and Sciences, and Health Sciences.

Iowa JPEC offers nationally recognized, comprehensive entrepreneurial education programs to all Iowans. A wide variety of programs are available on campus and online and to MBA students at several locations across the state of Iowa. Entrepreneurial training programs are available to all Iowans from numerous cities throughout the state. JPEC and its university partners also play an important role in the development of Iowa-based technology and high-growth start-up companies. Whether providing one-on-one consulting services and group training, working with startup companies on technology transition, directing SUI students on advanced field study projects, or providing training and seminars to business executives, the University seeks to support the next generation of entrepreneurs and business leaders.

The recurring allocation of \$2.0 million will develop entrepreneurship curriculum and programs, expand direct support to Iowa startups and small-to-medium enterprises, and accelerate new venture formation.

REVENUES	<u>FY 20 Budget</u>
Appropriations	2,000,000
EXPENDITURES	
Salaries/Benefits	1,204,553
Supplies and Services	<u>795,447</u>
TOTAL EXPENDITURES	2,000,000

➤ SUI Waterman Nonprofit Resource Center

The Larned A. Waterman Iowa Nonprofit Resource Center (INRC) is a university-wide interdisciplinary center that strengthens Iowa's nonprofit sector through direct services, education, and research. Services range from the development of board and executive leadership to strategic planning to clarifying local, state, and federal rules that regulate nonprofit organizations. Education includes creating and delivering presentations and workshops to professionals from across the state, as well as teaching a series of nonprofit courses at the University of Iowa. Research involves quantitative and qualitative analyses of data that inform on sector conditions and trends. The activities of the INRC are made possible by a strong network of public and private partners and supporters.

In FY 2019, nearly 1,000 nonprofit leaders participated in an INRC workshop or lecture. The INRC provided guidance to over 500 organizations on a host of issues including management, board governance, fundraising, tax filing, and more. Our publications featured stories on topics ranging from retirement plans to developing mutually beneficial collaborations and were circulated to over 1,500 subscribers and read by thousands more online. Along with several partners, the INRC will deliver two conferences in FY 2020, including the state's largest nonprofit conference that will offer over 40 workshops and be attended by hundreds of nonprofit leaders.

The INRC is currently working on several strategies to enable it to continue many of its services if such a reduction were to take place, as well as making efforts to further strengthen the sector through additional public and private partnerships.

REVENUES	<u>FY 20 Budget</u>
Appropriations	158,641
EXPENDITURES	
Salaries/Benefits	158,641

➤ SUI Biosciences Innovation

In 2018, TEconomy produced a recommendation to the Iowa Governor's office to invest economic development resources into four key areas: bio-based chemicals, precision and digital agriculture, vaccines and immunotherapies and medical devices. The Medical device platform development is core to the University of Iowa area economic development success. Per the TEconomy summary, "In Iowa, technology development and startup activity is occurring around the convergence of University of Iowa biomedical research specialties and the University Hospitals' clinical practice."

Recent startups of note include the first ever FDA cleared artificial intelligence driven diagnostic tool for screening of diabetic retinopathy in a primary care setting, Higher Learning Technologies command of the mobile test prep apps and online presence in nursing and dentistry and promising diagnostic or research lab tool development for cancer or immunotherapies.

Investments in a state-of-the-art rapid 3D printing studio allows for medical device prototyping and the creation of anatomical modeling of organs for teaching complex surgeries. The presence of this facility supports rapid prototyping and design support for medical device innovators within the university or elsewhere in the state of Iowa. It also allowed for the creation of MADE, a manufacturing and e-commerce initiative to encourage the development of simple, needs based solutions to everyday tasks in surgery or clinical practice.

REVENUES	<u>FY 20 Budget</u>
Appropriations	275,000
EXPENDITURES	
Salaries/Benefits	275,000

➤ SUI Agricultural Health and Safety

High rates of illnesses, injuries and fatalities among farmers, farmworkers, and their families have long been recognized as a challenge to Iowa's agricultural sustainability. To address this problem, Iowa's Center for Agricultural Safety and Health (Iowa Code, 262.78) was established in 1990. Although the center was established at the University of Iowa, it brings together the expertise of Iowa State University, the Iowa Department of Public Health, and the Department of Agriculture and Land Stewardship to reduce the rates of injuries and illnesses associated with agriculture.

Although the numbers of agricultural fatalities and injuries have gone down over time, so have the number of farmers. This means that rates of injuries and fatalities have remained steady over time and they are consistently six to seven times higher than other industries. Most years, agriculture is responsible for the highest proportion of occupational fatalities of any industry in Iowa.

I-CASH's mission is to lead statewide partnerships that promote agricultural safety and health. Because most farms in Iowa employ ten or fewer non-related employees each year, farms are not subject to the oversight of the Occupational Safety and Health Administration, nor do they have easy access to the resources and training that OSHA provides other industries.

The appropriation is used to support the development of safety and health materials and resources that are made available to workers in the agriculture industry, including items distributed through ISUEO and FSA offices, tailored safety policy guides for individual farms, and the annual Agricultural Youth Injury Prevention grant program. In addition, state funds support the annual MRASH conference and enhance I-CASH's ability to be responsive to the needs of Iowa's farmers.

REVENUES	<u>FY 20 Budget</u>
Appropriations	130,000
EXPENDITURES	
Supplies and Services	130,000

SUI FY 2020 Restricted Fund Budget

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund. The expenditure plan provides for salary adjustments, meets certain non-discretionary cost increases, reflects the University's best efforts at planning to meet its most critical needs, and provides essential services within the limits of available resources.

- Organized Activities Fund – includes medicine and dentistry practice plan funds, sports camps, conferences and institutes, mandatory fees (partial) and various publications and workshops
- Auxiliary Enterprise Fund – includes Athletics, University Housing & Dining, the Iowa Memorial Union, Student Health, Recreational Services, Hancher Auditorium, Parking and Transportation, Cambus and various smaller enterprises
- Current Restricted Fund – includes sponsored activities, predominately research and student financial aid funded from federal and non-federal sources
- Plant Fund – includes bond proceeds and capital project receipts

Revenues are derived from federal and non-federal support for sponsored programs, sales and services, reimbursed indirect costs, fees, bond proceeds, transfers from current unrestricted funds, tuition replacement and capital appropriations. The expenditure plan provides for salary adjustments, meets certain non-discretionary cost increases, reflects the University's best efforts at planning to meet its most critical needs, and provides essential services within the limits of available resources.

The proposed FY 2020 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$15.07 million
- Innovation Fund \$ 1.05 million
- Study Centers & Geological Survey \$ 0.97 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$124.9 million FY 2020 athletic budget is provided on the following page.

Football income is expected to decline slightly in FY 2020 based on the schedule rotation. Conversely, wrestling income projections reflect an increase in ticket sales from the conference schedule rotation.

Athletic conference income was up in FY 2019 due to additional bowl income and a supplemental distribution. Conference support for FY 2020 is slightly greater than the FY 2019 budget and less than FY 2019 estimates.

Premium seat revenue is expected to increase in FY 2020 with the opening of the Kinnick Stadium north end zone premium seating areas for the 2019 season.

The Athletic Department is responsible for paying the full cost of attendance for the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$13.8 million, which are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$3,000 to \$3,456 and are budgeted at a total annual cost to Athletics of approximately \$1.0 million.

Men's sports expenses for FY 2020 are higher due to staff salary increases primarily from contractual adjustments for football and basketball coaches.

The Athletic Department purchases services from numerous entities within the University including Public Safety, UIHC, parking, scholarships, utilities, university business services and residence services. Athletics has also budgeted \$2.0 million of general support to the University. The projected total FY 2020 cost to Athletics for these services is \$24.2 million.

The University of Iowa
Athletics Operating Budget

	FY 2019 Budget	FY 2019 Estimate	FY 2020 Budget
INCOME			
Men's Sports			
Football	\$ 23,324,645	23,070,600	22,334,472
Basketball	3,737,288	3,738,315	3,667,288
Wrestling	582,624	484,771	600,000
All Other	41,219	61,984	66,600
Total Men's Sports	\$ 27,685,776	\$ 27,355,670	\$ 26,668,360
Women's Sports			
Basketball	\$ 275,000	\$ 377,850	\$ 325,000
Volleyball	60,000	61,883	61,200
All Other	35,914	50,006	37,500
Total Women's Sports	\$ 370,914	\$ 489,739	\$ 423,700
Other Income			
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Learfield Multi Media Contract Income	7,382,817	7,823,280	7,733,280
Athletic Conference/NCAA	52,924,372	54,877,717	53,835,400
Interest	400,000	741,000	600,000
Foundation Support	16,823,140	15,333,194	17,157,939
Foundation Premium Seat Revenue	8,440,308	8,227,829	11,113,700
Novelties	3,454,769	3,454,769	3,560,000
General Income	3,741,960	3,475,797	3,120,000
Total Other Income	\$ 93,817,365	\$ 94,583,586	\$ 97,770,319
TOTAL INCOME	\$ 121,874,056	\$ 122,428,995	\$ 124,862,379
EXPENSES			
Men's Sports			
Football	\$ 27,447,712	28,264,276	29,683,284
Basketball	7,242,296	7,092,315	7,859,284
Wrestling	1,939,589	1,822,290	1,990,264
All Other	6,582,163	6,730,152	6,823,880
Total Men's Sports	\$ 43,211,760	\$ 43,909,033	\$ 46,356,712
Women's Sports			
Basketball	\$ 5,128,029	4,965,316	5,287,889
Volleyball	1,964,904	1,876,421	1,948,423
All Other	12,675,586	12,531,818	12,679,075
Total Women's Sports	\$ 19,768,520	\$ 19,373,555	\$ 19,915,387
Other Expenses			
Training Services	\$ 3,013,829	2,869,392	2,816,328
Sports Information	803,176	785,263	820,982
Admin. & General Expenses	19,164,105	20,056,191	18,575,514
Facility Debt Service	21,782,124	21,746,546	21,837,123
Transfer-New Facility Costs/Reserves	1,500,000	1,000,000	1,500,000
Academic & Counseling	1,932,313	1,989,053	2,057,850
Buildings & Grounds	10,698,230	10,699,962	10,982,483
Total Other Expenses	\$ 58,893,776	\$ 59,146,407	\$ 58,590,280
TOTAL OPERATING EXPENSE	\$ 121,874,056	\$ 122,428,995	\$ 124,862,379

University Housing & Dining

The proposed FY 2020 residence system budget reflects an increase in net revenues of \$2.3 million compared to the preliminary budget received by the Board in February 2019 as part of the Residence System Governance Report. The increased net revenue projection is due to an increase in projected occupancy numbers, leading to an increase in projected room and board contract revenues, and slightly lower projected operating expenses. Projected residence hall revenues are based on rates approved by the Board at its April 2019 meeting, and a fall residence hall occupancy of 6,200 students.

Voluntary reserve balances at June 30, 2020 project to be \$17.45 million.

**University of Iowa
University Housing & Dining Proposed Budget 2019-20**

	Preliminary Budget 2019-20	Proposed Budget 2019-20
OPERATIONS		
Revenues	\$ 78,727,911	\$ 80,015,380
Expenditures for Operations	57,500,618	56,449,164
Net Revenues	21,227,293	23,566,216
% of Revenues	27.0%	29.5%
Debt Service (due July 1)	11,993,219	11,993,219
Mandatory Transfers	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 8,634,074	\$ 10,972,997
% of Revenues	11.0%	13.7%
Debt Service Coverage Ratio	177%	196%
University Overhead Payment	\$ 625,511	\$ 624,684
FUND BALANCES (June 30)		
Operation & Maintenance Fund	\$ 1,000,000	\$ 1,000,000
Improvement Fund	7,000,000	8,785,000
System Fund	6,929,646	7,667,522
Subtotal--Voluntary Reserves	14,929,646	17,452,522
Bond Reserve Fund	14,600,376	14,600,376
Bond Construction Fund	-	-
Subtotal--Mandatory Reserves	14,600,376	14,600,376
Total Fund Balances (June 30)	\$ 29,530,022	\$ 32,052,898
REVENUES AND EXPENDITURES DETAIL		
Revenues		
Contracts	\$ 66,018,667	\$ 67,501,280
Interest	810,763	825,000
Other Income	11,898,481	11,689,100
Total Revenues	\$ 78,727,911	\$ 80,015,380
Expenditures for Operations		
Salaries, Wages & Benefits	\$ 28,098,630	\$ 27,413,852
Cost of Food or Goods Sold	11,661,864	11,308,940
Other Operating Expense	7,928,808	7,836,010
Utilities	6,431,240	6,390,487
Repairs & Maintenance	3,380,076	3,499,875
Total Expenditures	\$ 57,500,618	\$ 56,449,164

FY 2020 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University's strategic plan reinforces its responsibility for student success, creating jobs and improving life for Iowans. Using the strategic plan as a foundation, the following priorities were established to guide the University's investment of its resources during FY 2020.

- Enhance Access to the ISU Experience – This priority includes program enhancements that improve retention and graduation rates; decrease time-to-degree; faculty recruitment and retention in high-demand disciplines; expansion of health, wellness, and safety programs; alignment of academic support services with student needs; and solution development to meet student needs for housing, dining, recreation, health services, transportation and activities.
- Enhance Research Profile – The University is committing new internal funding to expand the research enterprise and promote scholarly work by recruiting faculty in strategic research areas, building research programs through major federal grants, expanding programs that foster graduate student and post-doc recruitment and retention, and increased recruitment of prestigious faculty.
- Promote Economic Development – ISU is dedicated to promoting entrepreneurship and facilitating the formation of new businesses using ISU intellectual property; connecting faculty, staff and student resources with stakeholders to complement the State's economic development efforts; and investing in the expansion of the ISU Research Park.
- Ensure a Welcoming, Inclusive and Safe Campus – This priority includes investment in initiatives that emphasize inclusion and diversity, enhanced collaboration with the City of Ames, student health and wellness, and support services that ensure a clean, safe and secure campus environment.

ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative units. A critical endeavor for the campus is the implementation of state-of-the-art financial and human resource administrative systems along with a new organizational structure to provide those services to the campus. The implementation of these initiatives - Workday enterprise systems and an improved service delivery model - on July 1 represented a multi-year investment in staff time, energy and resources that will provide best-in-class processes and significant gains in efficiency for the institution for years to come.

ISU FY 2020 General University Operating Budget

Tuition revenues comprise 70.3% of the \$670.6 million General University revenue budget with 26.0% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$9 million in incremental revenue; a 1.4% increase over the FY 2019 budget.

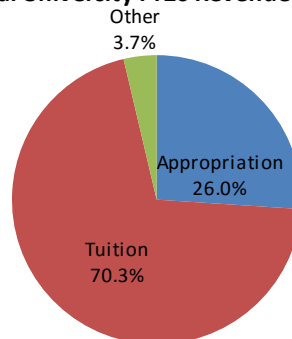
FY 2019 Budget \$661.6 million

Revenue Changes:

Base Appropriation	4.0 million
Tuition	4.6 million
Indirect Cost Recoveries/Other	0.4 million
Revenue Change	9.0 million

FY 2020 Budget \$670.6 million

ISU General University FY20 Revenue Budget



The table below provides a summary of the tuition increases for the 2019-20 academic year approved by the Board in June 2019. In addition, the Board approved differential tuition rates for several undergraduate and graduate programs. The proposed tuition rates with projected enrollment are expected to generate an additional \$4.6 million in gross tuition revenue when compared to FY 2019.

IOWA STATE UNIV	2018-19	Increase	2019-20	% Inc
Undergrad-Resident	7,740.00	302.00	8,042.00	3.9%
Undergrad-Nonresident	22,144.00	1,086.00	23,230.00	4.9%
Grad-Resident	9,302.00	456.00	9,758.00	4.9%
Grad-Nonresident	23,564.00	1,156.00	24,720.00	4.9%

The University's indirect cost recoveries are budgeted to increase \$0.5 million and are partially offset by an expected decline of \$0.1 million in other income.

To supplement the incremental revenues, approximately \$8.1 million from reallocated resources will be invested in the university's strategic priorities with a strong commitment to faculty and staff compensation, a critical priority for supporting all aspects of the strategic plan. Additional commitments focus significantly on the student experience.

The University implemented the terms of collective bargaining agreements and salary policies approved by the Executive Director. Accordingly, increased salaries for faculty and staff was a critical priority for FY 2020 following several years with no or minimal increases for the majority of employees. The salary policy for faculty and professional and scientific staff will provide a 1% increase for all individuals with satisfactory performance effective July 1 and an additional 1% increase for individuals with satisfactory performance effective October 2019. Additional increases to address extraordinary performance and the most critical retention situations are also planned. In total, \$7.0 million is budgeted for increased compensation for faculty, professional and scientific staff, and post docs at ISU.

The student experience and their success is influenced by many factors. Commitments will be made to student financial aid, supportive programming to enhance learning, and an environment conducive to success. The Student Innovation Center will open as the campus's newest academic building and will enhance learning in a technology-rich environment that supports collaboration across disciplines.

The \$670.6 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, and scholarships and fellowships comprise 75% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2020</u>	<u>% Total</u>
Instruction	260,096	38.8%
Research	13,835	2.2%
Public Service	5,804	0.9%
Academic Support	122,794	18.3%
Student Services	28,812	4.3%
Institutional Support	67,942	10.1%
Operations & Maintenance of Plant	50,891	7.6%
Scholarships & Fellowships	120,450	18.0%
Total	670,625	100.0%

ISU FY 2020 Special Purpose Operating Budgets

The chart below lists ISU's special purpose units and appropriated amounts for FY 2020. With the exception of the Veterinary Diagnostic Lab which received a \$300,000 increase and the new appropriation for Biosciences Innovation, all other special purpose units were flat-funded (0% increase) when compared to FY 2019.

<u>ISU SPECIAL PURPOSE UNITS</u>	<u>Final FY 2019 APPROPRIATIONS</u>	<u>FY 2020 APPROPRIATIONS</u>	<u>Difference</u>
AG. EXP. STATION	29,886,877	29,886,877	-
COOP. EXT SERVICE	18,266,722	18,266,722	-
LIVESTOCK DISEASE RESEARCH	172,844	172,844	-
VET DIAGNOSTIC LAB	4,100,000	4,400,000	300,000
ECONOMIC DEVELOPMENT	2,424,302	2,424,302	-
NEW: BIOSCIENCES INNOVATION	-	825,000	825,000

➤ ISU Agricultural Experiment Station

The Agriculture Experiment Station is Iowa's only public agricultural research program, conducting research in biological, physical and social sciences that contributes to the advancement of Iowa agriculture and improvement of the economic and social condition of Iowa's families and communities. The Agriculture Experiment Station has served the state for more than 130 years. It supports the work of Iowa State researchers within and across multiple disciplines. The Experiment Station collaborates and cooperates with the national network of experiment station programs at state land-grant universities, ensuring attention is given to common problems, sharing research results and avoiding duplication.

Research through the Agriculture Experiment Station helps keep Iowa agriculture the world's leader in productivity, efficiency and sustainability. Iowa farmers and businesses especially depend on research results to continually improve operations, incorporate more sustainable practices, be prepared to face emerging crop and livestock health and welfare challenges, make better management decisions and become more resilient in times of change. The research allows ISU to address the state's high priority challenges such as improved water quality and environmental stewardship that conserves Iowa's world-class natural resources.

The breadth and depth of the research portfolio, including more than 750 active projects, make possible innovation in plant sciences and plant systems; animal sciences; natural resources; food safety and security; human health and nutrition; economics, markets and policy; emerging genetics and genomics frontiers; biorenewable opportunities; digital agriculture; and more.

ISU researchers leverage Agriculture Experiment Station support in multiple ways. Over the past five years, they have brought in more than \$283 million in external grants and contracts to conduct research. Also, many faculty scientists supported by the Experiment Station play important roles in education and extension — by training the next generation of agricultural leaders and entrepreneurs and by widely sharing science-based insights and decision aids through ISU Extension and Outreach.

REVENUES	<u>FY 20 Budget</u>
Appropriations	29,886,877
Federal Support	<u>5,405,000</u>
TOTAL REVENUES	35,291,877
EXPENDITURES	
Salaries/Benefits	32,046,000
Supplies and Services	2,495,877
Rentals	40,000
Utilities	10,000
Bldg. Repairs	50,000
Equipment	300,000
Aid to Individuals	<u>350,000</u>
TOTAL EXPENDITURES	35,291,877

➤ ISU Cooperative Extension Service

ISU Extension and Outreach works across Iowa State University colleges, throughout the 99 counties, and with external partners to engage Iowans in research, education and extension experiences to address current and emerging real-life challenges. Extension and Outreach is seeing an increasing demand for its programs. Each year more than 1 million Iowans directly benefit from extension educational programs for economic growth, healthy families, thriving communities, and sustainable environments. K-12 youth outreach improves young people's college and career readiness, provides them with community service opportunities, and prepares them to become Iowa's future workforce. Extension and Outreach programs align with the Governor's Empower Rural Iowa Initiative, as well as Iowa State University priorities.

Workforce challenges, child care, mental health, housing, and the farm economy are critical statewide issues impacting the ability of Iowa communities to thrive over the next five years. A financial need exists to support Extension and Outreach initiatives targeting these issues, as well as nutrient reduction strategy, floods, drought, widespread plant and animal diseases, insects (emerald ash borer), and policy changes. Additional resources would ensure that ISU can provide immediate response and education to address these challenges, and support practical research, surveillance and programs to help communities and individuals plan for a successful future.

REVENUES	<u>FY 20 Budget</u>
Appropriations	18,266,722
Federal Support	<u>10,000,000</u>
TOTAL REVENUES	28,266,722

EXPENDITURES	
Salaries/Benefits	25,459,000
Supplies and Services	2,657,722
Rentals	100,000
Equipment	10,000
Aid to Individuals	<u>40,000</u>
TOTAL EXPENDITURES	28,266,722

➤ ISU Livestock Disease Research

Livestock Disease Research is conducted through the College of Veterinary Medicine on important health issues that impact Iowa's livestock industry. This research helps to mitigate the high financial losses to Iowa livestock producers that occur each year due to livestock diseases. These funds are leveraged to receive additional funds from external sources for livestock disease research.

The Iowa Livestock Health Advisory Council (ILHAC) was created to strengthen Iowa's animal agriculture by strengthening the livestock disease research program in the state. Funds from this special appropriation provide seed money for research projects, with priority given to those projects with significant potential for economic benefit for the livestock industry. Recently funded projects include: studying porcine reproductive and respiratory syndrome and influenza in pigs, *E. coli* and *Clostridium spp.* in poultry, lameness in beef and dairy cattle, mastitis in dairy cattle, pinkeye in cattle and viruses causing reproductive problems in sheep. This seed money has recently resulted in development of effective vaccines for porcine circovirus and laying hen peritonitis. Additional funding would allow more animal disease research projects to be funded in areas of highest importance to livestock producers.

REVENUES	<u>FY 20 Budget</u>
Appropriations	172,844
EXPENDITURES	
Supplies and Services	172,844

➤ ISU Veterinary Diagnostic Lab (VDL)

The ISU VDL serves to protect animal and human health and advance Iowa's \$32.5 billion animal agriculture economy. It serves as the State of Iowa's official veterinary diagnostic lab and is Iowa's only fully accredited and full service veterinary diagnostic laboratory.

The FY20 state appropriation to the ISU VDL is currently \$4.4 million, an increase of \$300,000 over the current fiscal year.

- Baseline funding is critical to sustain a level of preparedness to respond to disease outbreaks. The disease status of the Iowa (and US) livestock herd and poultry flocks can change substantially over time and with that the amount of testing can vary tremendously.
- Baseline funding is needed to keep testing affordable. The more affordable testing is the more heavily it is utilized. Increased utilization of the lab encourages early detection of disease and decreased "spillover" or spread to neighbors.
- A national leader in protecting animal and human health, the full-service laboratories at the VDL process 75,000 to 85,000 cases each year and conduct 1.25 million tests annually.

The \$300,000 increase in appropriations to the ISU VDL will support:

- Maintaining and increasing world class staff necessary to support increasing case load and testing
- Developing and maintaining cutting edge technology necessary to meet the demands of the increasingly sophisticated animal agriculture industry, the needs of companion animal owners and the necessary support of public health.

Operation and maintenance of current facilities with an eye towards the new world class VDL facility is currently being planned.

REVENUES	<u>FY 20 Budget</u>
Appropriations	4,400,000
EXPENDITURES	
Salaries/Benefits	4,300,000
Supplies and Services	<u>100,000</u>
TOTAL EXPENDITURES	4,400,000

➤ ISU Economic Development

The Economic Development appropriation supports the Center for Industrial Research and Service (CIRAS), Small Business Development Centers (SBDC), and the ISU Research Park (ISURP).

CIRAS helps reduce the risk of deploying technologies to Iowa businesses so they can remain globally competitive. This is accomplished by providing a broad range of services, including 3D printing, robotics, materials, technology adoption, and digital manufacturing. Over the past five years, CIRAS and partners have helped more than 3,900 businesses in every Iowa county, creating an economic impact of \$2.6 billion dollars with over 28,000 jobs added or retained. CIRAS leverages the state appropriations investment to bring in nearly three times as much in federal grants and private company investments. The current level of funding makes it challenging to support emerging needs in Industry 4.0 to help companies remain competitive and address workforce shortages.

SBDC's conduct research, counsel and train business people in management, financing, operating small businesses, and provides comprehensive information services and access to experts in a variety of fields. In FY18, the Iowa SBDC counseled more than 4,200 clients, which created 1,457 jobs; helped companies attract more than \$58 million in new capital; helped companies grow sales by \$61 million; and helped to create 219 new businesses. Clients of SBDC created 28 new jobs every week, launched 18 new businesses each month, and increased their sales at a rate of over \$2.1 million every week.

The ISURP is a growing technology community and incubator for new and expanding businesses, providing access to the vast array of resources available at ISU: from talent pipeline management, to specialized equipment, to access to the research infrastructure. ISURP is a 400+ acre development serving upwards of 90 tenant companies that employ more than 2,000 people and 300 student interns, with more than 800,000 square feet of developed building space. The statewide impact from companies with strong ties to ISURP cannot be overstated: Companies that have relocated from ISURP still employ nearly 2500 Iowans; five companies that started at ISURP have gone public and multiple others have enjoyed successful liquidity events. The current tenant roster boasts world headquarters locations for two publicly traded companies and major research and development facilities for 10 others.

REVENUES	<u>FY 20 Budget</u>
Appropriations	2,424,302
EXPENDITURES	
Salaries/Benefits	1,905,525
Supplies and Services	323,777
Rentals	55,000
Equipment	100,000
Aid to Individuals	40,000
TOTAL EXPENDITURES	<u>2,424,302</u>

➤ ISU Biosciences Innovation

Biosciences are a significant area of Iowa's economy. As indicated by the state-commissioned 2017 TEconomy Report, this sector is large, growing, and supports high-paying jobs.

Three priority Bioscience platforms – Biobased Products and Chemicals, Precision and Digital Agriculture, and Vaccines and Immunotherapeutics – represent areas with large markets and significant growth potential. Iowa State University helps lead the state in growing and capturing the economic value these platforms offer.

The support of \$825,000 allocated by the Iowa Legislature for FY20 will help establish a nationally renowned innovation ecosystem in these Iowa-advantaged Bioscience platforms, in partnership with the Iowa Bioscience Development Center (IBDC). The university will begin by:

- Hiring a Chief Technology Officer for one of the platforms – Biobased Products and Chemicals;
- Initiating a seed funding mechanism for university-industry collaborations, and providing limited investment in the other two platforms.

To help the state better capture the growth opportunities the Biosciences sector offers, our vision is to have the university operate as a critical IBDC and industry partner for these three platforms to:

- Enable enhanced commercialization of new technologies;
- Accelerate translation of scientific breakthroughs;
- Improve collaboration between industry and universities to solve problems; and
- Further develop a skilled Biosciences workforce.

REVENUES	<u>FY 20 Budget</u>
Appropriations	825,000
EXPENDITURES	
Salaries/Benefits	240,000
Supplies and Services	585,000
TOTAL EXPENDITURES	<u>825,000</u>

ISU FY 2020 Restricted Budget

The restricted funds budget represents activities that receive targeted appropriations for specific strategic initiatives including capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major restricted fund revenue categories include:

- Federal Support – receipts for sponsored programs and student financial aid
- Mandatory Student Fees – includes health, technology, student services, student activity, etc.
- Sales and Services – includes academic department service centers (Veterinary Teaching Hospital, Research Farms) and residual funds from workshops and conferences.
- Endowment Income – earnings distributed from the University's endowment funds
- Auxiliary Enterprises – comprised primarily of Intercollegiate Athletics, University Bookstore, Department of Residence, Memorial Union, Parking Systems, Recreational Services, Student Health Center, Reiman Gardens and the Iowa State Center
- Private Gifts, Grants and Contracts – includes nongovernmental sponsored programs from private industry, non-profit organizations, and individuals
- Plant Funds – includes bond proceeds and capital project funds

The proposed FY 2020 Restricted Fund Budget also includes the following state appropriations:

- | | |
|-----------------------------|-----------------|
| • Tuition Replacement | \$ 9.53 million |
| • Innovation Fund | \$ 1.05 million |
| • Student Innovation Center | \$ 7.00 million |
| • Veterinary Diagnostic Lab | \$12.50 million |
| • Grape & Wine Institute | \$ 0.29 million |

ISU Athletics

The ISU Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The proposed FY 2020 athletic budget totals \$87.5 million and is provided on the following page.

Ticket sales for FY 2020 are budgeted to increase primarily from greater demand for football tickets and a full season ticket price increase.

Conference/NCAA revenue fluctuate annually based on revenue surpluses generated by the Conference and the timing of the disbursements to the member schools.

Foundation support for Athletics fluctuates from the timing of the payments between fiscal years and are used to balance the annual budget.

Postseason revenue and expenses are budgeted lower since potential bowl game expenses and the offsetting revenues are not included in the base budget.

Salary and benefit costs for FY 2020 are higher due to staff salary increases largely from contractual increases for football and basketball coaches.

Sports program operations expense is budgeted higher in FY 2020 from higher football game guarantees for two non-conference home games.

Internal operations costs spiked in FY 2019 from the South Dakota State and Incarnate Word football buyouts from the opening game cancellation and the process to reschedule a 12th regular season football game.

The Athletic Department is responsible for paying tuition on the scholarships it awards. ISU Athletics awards the equivalent of approximately 236 scholarships at a cost of \$8.2 million as reflected in the budget. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation, and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,430 to \$2,930 (except stipends for international student athletes which are \$4,530) and are budgeted at a total annual cost to Athletics of approximately \$775,000.

The Athletic Department purchases services from numerous entities within the University including tuition and room board from scholarship payments, facilities, University services, band, event support, utilities, etc.. The projected total cost to Athletics for these services is roughly \$25.0 million. In addition, ISU Athletics allocated \$10 million in gifts to the University's beautification projects along the entrance to the campus between Jack Trice Stadium and Reiman Gardens.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2019 Budget	FY 2019 Estimates	FY 2020 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 11,146,430	\$ 11,374,239	\$ 12,520,559
Men's Basketball	4,100,000	4,183,167	4,200,000
Women's Basketball	365,000	397,543	360,000
Wrestling	130,000	189,826	180,000
Other Sports	290,000	332,873	290,000
Ticket Sales:	16,031,430	16,477,648	17,550,559
Foundation Support	16,204,639	16,482,100	17,375,744
Conference & NCAA Revenue	39,543,000	41,083,205	39,877,000
Multi-Media Rights	5,432,144	5,675,115	5,057,144
Post Season Revenue	400,000	2,400,000	400,000
Student Fees	2,100,000	2,030,000	2,000,000
Licensing	1,200,000	1,126,988	1,200,000
Game guarantees	100,000	192,740	75,000
Auxillary Revenue	1,765,000	1,916,655	1,840,000
Other Revenue	1,834,000	2,569,513	2,175,000
TOTAL REVENUES	\$ 84,610,213	\$ 89,953,964	\$ 87,550,447
EXPENSES			
Sports Programs - Operations:			
Football	\$ 5,500,000	\$ 5,846,000	\$ 6,850,000
Men's Basketball	2,012,700	2,125,625	2,041,000
Women's Basketball	1,275,000	1,219,000	1,211,000
Wrestling	348,235	348,235	363,250
Other Sports	3,530,090	3,517,739	3,509,590
Sports Programs - Operations:	12,666,025	13,056,599	13,974,840
Sports Program Support Units:			
Medical	950,000	950,000	950,000
Coaching Video	236,500	140,000	236,500
Sports Medicine	423,000	423,000	423,000
Academic Services	336,200	336,200	336,200
Other	711,600	635,100	607,000
Sports Program Support Units:	2,657,300	2,484,300	2,552,700
Internal Operations:			
Admin Operations	1,313,800	2,238,800	1,436,000
Big 12 Expenses	2,689,000	2,840,000	2,947,000
Flight Services	344,802	495,000	400,000
IT Operations	725,120	725,120	725,120
Other	400,965	465,000	405,965
Internal Operations:	5,473,687	6,763,920	5,914,085
Salaries & Benefits	29,996,882	30,342,100	31,847,073
Scholarships	7,998,530	7,900,830	8,175,663
External Operations	2,925,000	2,939,378	3,035,100
Facilities & Events	8,526,293	8,645,393	8,460,000
Postseason	1,240,000	3,140,000	1,240,000
Debt Service	6,507,826	6,519,374	6,509,426
Capital Projects/Def Maint	6,547,500	8,085,268	5,757,000
TOTAL EXPENSES	\$ 84,539,043	\$ 89,877,162	\$ 87,465,887

ISU Residence System

The proposed Residence System budget reflects a decrease in net revenues compared to the preliminary budget received by the Board in February 2019. Contract revenues reflect lower occupancy projections than previous levels used in the preliminary budget. Cost of food and salary expenses are also less than the prior budget. Projected residence hall revenues are based on rates approved by the Board at its April 2019 meeting, and a fall residence hall occupancy of 10,504 students. The occupancy decrease will result in fewer funds available for capital improvements resulting in the deferral of several projects in the improvement plan.

Voluntary reserve balances at June 30, 2020 are projected to be \$21.7 million, which is less than earlier projections largely due to the expected decrease in net revenues.

**Iowa State University
Residence System Proposed Budget 2019-20**

	Preliminary Budget 2019-20	Proposed Budget 2019-20
OPERATIONS		
Revenues	\$ 108,596,695	\$ 103,443,122
Expenditures for Operations	75,207,761	74,374,308
Net Revenues	33,388,934	29,068,814
% of Revenues	30.7%	28.1%
Debt Service (due July 1)	15,081,590	15,081,590
Net After Debt Service & Mandatory Transfers	\$ 18,307,344	\$ 13,987,224
% of Revenues	16.9%	13.5%
Debt Service Coverage Ratio	221%	193%
University Overhead Payment	\$ 3,081,000	\$ 3,938,991
FUND BALANCES (June 30)		
Improvement Fund	11,519,971	9,177,352
System Fund	11,160,639	12,526,635
Subtotal--Voluntary Reserves	22,680,610	21,703,987
Bond Reserve Fund	15,223,996	15,223,996
Bond Construction Fund	-	-
Subtotal--Mandatory Reserves	15,223,996	15,223,996
Total Fund Balances (June 30)	\$ 37,904,606	\$ 36,927,983
REVENUES AND EXPENDITURES DETAIL		
Revenues		
Contracts	\$ 90,486,048	\$ 85,247,475
Interest	455,000	455,000
Other Income	17,655,647	17,740,647
Total Revenues	\$ 108,596,695	\$ 103,443,122
Expenditures for Operations		
Salaries, Wages & Benefits	\$ 37,319,343	\$ 36,931,283
Cost of Food or Goods Sold	12,738,731	12,327,514
Other Operating Expense	13,729,024	13,694,848
Utilities	7,333,122	7,333,122
Repairs & Maintenance	4,087,541	4,087,541
Total Expenditures	\$ 75,207,761	\$ 74,374,308

FY 2020 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2020 budget development process, operational decisions were made with a strong focus and commitment to the University's vision, mission and strategic plan with the overarching goal of student success. With a challenging and supportive environment, UNI engages students in high-quality and high-impact learning experiences and emphasizes excellence in teaching and scholarship.

The focus of the University operating budget is directed to support the following strategic goals:

- **Diversity and Inclusion** - provide a campus culture that reflects and values the evolving diversity of society and promotes inclusion
- **Campus Vitality** - enhance resource and facility development to provide an enriched campus life experience which is both environmentally and fiscally responsible
- **Community Engagement** - create opportunities for students, faculty, and staff to build external relationships that enhance local and global learning experiences and contribute to the cultural and economic vitality of the Cedar Valley and the state of Iowa

The University faced another challenging budget year for FY 2020. Enrollment for FY 2019 was lower than projected and FY 2020 enrollment is projected to decrease. The increase in appropriations for FY 2020 will help offset a portion of the decrease in enrollment, but the primary cost increases have been the honoring of bargaining agreements with salary and wage increases. With these funding changes, a significant reduction to the operating expense was required to balance the FY 2020 budget.

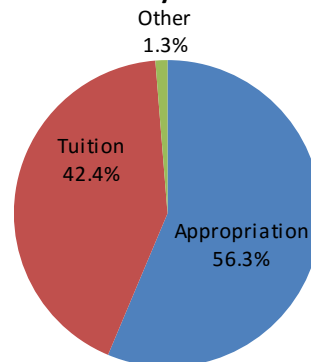
With the above challenges, the \$4.0 million appropriation increase for FY 2020 has been a welcome action by the legislature and governor. This appropriation increase allowed the University to hold tuition and fees flat for 2019-2020 academic year. UNI is committed to keeping higher education accessible through a reasonable and predictable cost of education.

To maintain a strong focus on university goals and priorities while maximizing the use of resources, the university is committed to active management in reducing costs, improving efficiencies, and actively pursuing enrollment strategies.

UNI FY 2020 General University Operating Budget

State appropriations comprise more than half (56%) of UNI's proposed FY 2020 General University operating revenue budget with tuition revenue being 42% of budgeted revenues. Projected changes in these and other revenue sources results in total operating revenue that is \$3 million less than the FY 2019 budget (1.7% decrease).

UNI General University FY20 Revenue Budget



FY 2019 Budget	\$ 180.0 million
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Revenue Changes:

Base Appropriation	4.0 million
Tuition	(6.6) million
Other Revenues	(0.4) million
Revenue Change	(3.0) million

FY 2020 Budget	\$ 177.0 million
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In June 2019, the Board approved tuition rates for the 2019-20 academic year. All rates remained flat (0% increase) from the prior year. With the flat tuition rates coupled with the expected enrollment decline, tuition revenue is budgeted at \$6.6 million less than last year's budget.

UNIV OF NORTHERN IA	2018-19	Increase	2019-20	% Inc
Undergrad-Resident	7,665.00	-	7,665.00	0.0%
Undergrad-Nonresident	18,207.00	-	18,207.00	0.0%
Grad-Resident	9,159.00	-	9,159.00	0.0%
Grad-Nonresident	19,633.00	-	19,633.00	0.0%

Indirect cost recoveries are also budgeted to decline by \$0.4 million due to ending a sponsored program and minimal change expected in other operating revenues for FY 2020.

In addition to the ASFCME agreement, the University implemented the terms of a voluntary agreement for a two-year contract with the organized faculty (UNI-United Faculty) that began July 1, 2019. The agreement provided for a wage increase of 2.1% on July 1, 2019. In accordance with UNI's approved salary policy, Professional and Scientific staff will also receive a 2.1% increase on July 1, 2019.

In order to manage the decreased enrollment and to increase efficiencies, UNI monitors the numbers of sections offered, with an eye towards increasing the average class size and thus the efficiency in our use of instructional funds. At the same time that UNI has reduced the number of sections and increased average class size, the university has also reduced the overall number of full-time and part-time faculty. With the enrollment decline, UNI has taken a strategic approach to faculty hiring, reducing the overall number of faculty over time (largely through attrition and retirements). In total, FY 2020 salary and fringe benefit costs are budgeted \$3 million less than FY 2019.

Given the flat tuition rates and expected dip in enrollment, the student financial aid budget is \$1.2 million less than last year. This expense decrease is offset by budgeted increases in utilities and professional and scientific supplies/services.

Enrollment management will continue to be a top priority for FY 2020. The tuition freeze is an initiative to keep higher education accessible and to remain competitive with peer institutions in neighboring states.

The \$177 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, and scholarships and fellowships, comprise approximately 61% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2020</u>	<u>% Total</u>
Instruction	68,012	38.4%
Research	181	0.1%
Public Service	1,800	1.0%
Academic Support	24,728	14.0%
Student Services	9,088	5.1%
Institutional Support	35,782	20.2%
Operations & Maintenance of Plant	22,319	12.6%
Scholarships & Fellowships	15,100	8.5%
Total	177,012	100.0%

UNI FY 2020 Special Purpose Operating Budgets

The chart below lists UNI's special purpose units and appropriated amounts for FY 2020. With the exception of the Math and Science Collaborative (also referred to as STEM) which received a \$1.0 million increase and the new appropriation for Additive Manufacturing, the remaining special purpose units were flat-funded (0% increase) when compared to FY 2019.

<u>UNI SPECIAL PURPOSE UNITS</u>	<u>Final FY 2019 APPROPRIATIONS</u>	<u>FY 2020 APPROPRIATIONS</u>	<u>Difference</u>
RECYCLING & REUSE	175,256	175,256	-
MATH & SCIENCE	5,446,375	6,446,375	1,000,000
REAL ESTATE EDUCATION	125,302	125,302	-
ECONOMIC DEVELOPMENT	1,066,419	1,066,419	-
NEW: ADDITIVE MANUFACTURING	-	400,000	400,000

➤ **UNI Recycling and Reuse Center**

The Recycling and Reuse Technology Transfer Center (RRTTC) is an interdisciplinary research, education and outreach center serving Regent university researchers and students, Iowa citizens, business and industry focusing on solid and hazardous waste issues and environmental resilience strategies.

The RRTTC offers solid waste and recycling internships and programs, green business activities and operates a teaching and demonstration garden, Creekside Harmony Garden. The teaching garden provides several educational activities and welcomes all students of the university, local schools and the Cedar Valley Community. The Garden's design provides an interactive space for people to connect with nature and food and discuss biogeochemical cycling as the fundamental "recycling" activity. Education is provided on gardening methods, food systems, teaching tools and methods through workshops, camps and classes.

Another effort of the RRTTC is the Panther Initiative for Environmental Equity and Resilience (PIEER). PIEER creates a partnership between UNI students, sustainability faculty, and the RRTTC to deliver educational and engagement projects in the areas of environmental equity issues and resiliency. PIEER works with schools, UNI centers, and community organizations to provide educational awareness activities that bring new insights of environmental equity and resilience issues. PIEER increases awareness about issues between rural and urban Iowans, individuals of different socioeconomic status, and different races and cultures that encourages engaged populations to consider positive changes.

The RRTTC helps Iowa businesses reach their green potential through Materials Innovation Service (MIS), which is a joint program between the RRTTC, and the UNI Metal Casting Center. Through MIS, Iowa companies replacing mainstream materials with recycled material receive affordable materials testing and consultation. MIS provides technical assistance to manufacturers wishing to re-engineer or re-tool their operations to include recycled content, and in the development of innovative recycling/reuse process technologies that turn waste into resources.

REVENUES	<u>FY 20 Budget</u>
Appropriations	175,256
EXPENDITURES	
Salaries/Benefits	144,530
Supplies and Services	<u>30,726</u>
TOTAL EXPENDITURES	175,256

➤ UNI Math and Science Collaborative (STEM)

The Iowa Math & Science Education Partnership (IMSEP) leads a broad coalition of educational, nonprofit, policy and private sector stakeholders in improving science and mathematics as well as technology and engineering (STEM) learning pre-K through college principally focused on school-business partnerships, community engagement, and broad scaling of exemplary curriculum.

Since FY 2009, the universities have worked as a team to implement the STEM initiative. This effort has grown to become the Governor's STEM Advisory Council as managed by the Iowa Mathematics and Science Education Partnership (IMSEP). Funding for the IMSEP-managed Governor's STEM Advisory Council is at \$6.4M for FY2020, an increase of \$1M over FY19.

STEM workers drive our nation's innovation and competitiveness by generating new ideas, new companies and new industries. Over the past 10 years, STEM jobs grew three times as fast as growth in non-STEM jobs. The STEM workforce will remain central to our economic vitality well into the future, contributing to innovation, technological growth, and economic development. Maintaining U.S. scientific and technological leadership is essential to the future of our country. However, the United States is facing a critical talent gap in science, technology, engineering and math, and is not keeping pace with foreign competition.

STEM jobs require post-secondary training, but Iowa ranks below the national average in percent of post-secondary majors studying STEM at our colleges and universities.

The Governor's STEM Advisory Council's overarching goal is to boost student interest and achievement in science, technology, engineering and math (STEM), so Iowa's young people have more career opportunities and our state's economy is more robust.

REVENUES	<u>FY 20 Budget</u>
Appropriations	6,446,375
EXPENDITURES	
Salaries/Benefits	579,686
Supplies and Services	<u>5,866,689</u>
TOTAL EXPENDITURES	6,446,375

➤ UNI – Real Estate Education

UNI's Real Estate Education program prepares students for careers in commercial and residential real estate, including land development, asset management and finance.

As the only program of its kind in Iowa, UNI real estate graduates develop a strong connection to the state economy, with over 70% employed in Iowa. In careers as lenders, brokers, developers, appraisers, property managers and attorneys, they are a key component of economic development in both rural and urban communities.

REVENUES	<u>FY 20 Budget</u>
Appropriations	125,302
EXPENDITURES	
Salaries/Benefits	125,302

➤ UNI – Economic Development

Three programs, the Institute for Decision Making (IDM), Metal Casting Center and the Center for Business Growth and Innovation, have provided long-term and valuable economic development support to communities, businesses and entrepreneurs across the state.

The IDM is the economic development arm of UNI Business and Community Services. For 32 years IDM has proudly served well over 800 communities, economic development groups, chambers of commerce, convention and visitor bureaus, community planning groups, state agencies/associations and other organizations in all 99 Iowa counties. IDM's services include tailored and innovative community-wide and regional workforce development planning. IDM's services include technical assistance, applied research, and training to Iowans to enhance their community's economic vitality. IDM continues to utilize its state funding to leverage other funding sources. For example, IDM is the lead organization for UNI's US Economic Development Administration's University Center (UNI UC). The UNI UC partners with local development organizations and service providers to implement an economic development approach designed to foster innovation/technology utilization and research and development within targeted Iowa businesses.

Since its creation in 1989, the Metal Casting Center has expanded to include two facilities (Additive Manufacturing Center is the other). The materials research and foundry focused sight is located in the Industrial Technology Center on the UNI campus and works with industry to develop materials and processes through testing and characterization of industrial materials.

UNI's Center for Business Growth and Innovation (UNI CBGI) has an established network of resources and services designed to attract, connect, and accelerate small business and start-up growth through business assistance, partner resources, and valuable connections to their peers. UNI CBGI initiatives are nationally recognized in both rural and urban settings on how universities can best utilize their unique assets to impact regional economies. UNI's Advance Iowa program focuses on small- and medium-sized Iowa-owned enterprises to help ensure Iowa firms continue to remain profitable, sustainable and to the extent possible, locally owned.

REVENUES	<u>FY 20 Budget</u>
Appropriations	1,066,419
EXPENDITURES	
Salaries/Benefits	898,343
Supplies and Services	<u>168,076</u>
TOTAL EXPENDITURES	1,066,419

➤ UNI – Additive Manufacturing Center

The Additive Manufacturing Center (AMC), featuring North America's largest commercially available 3D sand printer, is located at Cedar Valley TechWorks in Waterloo. Through AMC's applied research, many of the barriers to technology adoption have been removed, resulting in industry adoption of these emerging technologies. Success is proven by the growth of 3D sand printers located in North America increasing over 700% in the last four years, with Iowa realizing the highest growth. The new technology of additive manufacturing for investment castings represents a similar challenge of changing the way parts are manufactured. Investment casting technology supports the foundry supply chain and meets the needs of original equipment manufacturers in aerospace, defense, agricultural manufacturing, and bioscience and medical technologies.

REVENUES	<u>FY 20 Budget</u>
Appropriations	400,000
EXPENDITURES	
Salaries/Benefits	209,982
Supplies and Services	110,018
Equipment	<u>80,000</u>
TOTAL EXPENDITURES	400,000

UNI FY 2020 Restricted Budget

UNI's restricted budget includes auxiliary enterprises, capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major auxiliary enterprise operations include the residence system, athletics, Maucker Union, Fieldhouse Operations (UNI-Dome/McLeod Center), Gallagher-Bluedorn Performing Arts Center, Wellness Recreation Center and the Student Health System.

The proposed FY 2020 Restricted Fund Budget also includes the following state appropriations:

- Tuition Replacement \$ 3.50 million
- Innovation Fund \$ 0.90 million

UNI Athletics

The University of Northern Iowa's FY 2019 proposed athletic budget provided on the following page projects revenues of \$14.5 million.

Sports income for FY 2019 is less than the budget from fewer ticket sales, private support and game guarantees. For FY 2020, the sports income budget is expected to decline slightly from fewer game guarantees for men's basketball.

Since UNI Athletics does not receive substantial revenues from conference distributions and other sources, the General University provides athletic support for scholarships and operations. The FY 2020 athletic budget includes \$3.35 million in operational support and \$1.28 million in scholarship support from the University.

The Alumni/Foundation Support and marketing revenues are budgeted to increase slightly in FY 2020 from the Panther Scholarship Club, Rally in the Valley event, athletic suites, and other fundraising events.

Scholarship costs of approximately \$4.5 million for the equivalent of 190 scholarships are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend for men's and women's basketball, and women's volleyball scholarship athletes for academic supplies, transportation and some personal costs as calculated by the financial aid office. The annual stipend is \$2,296 at a total annual cost to Athletics of approximately \$91,000.

Sports expenses for men's basketball are budgeted to decrease slightly when compared to FY 2019 primarily from reduced team travel costs and an open position included the FY 2019 budget that will remain vacant in FY 2020.

The budgeted decrease in Administration and General expenses results from staff and other expense reductions. No contingency expenses are included in the FY 2020 budget.

The UNI athletic department purchases services that benefit numerous entities within the University. These include in part, tuition and room/board from scholarship payments, business services, public safety, marketing and utilities. Athletics projects to pay \$4.7 million in FY 2020 to these University entities for the services.

University of Northern Iowa
FY 2020 Proposed Athletic Budgets

	FY 2019 Original Budget	FY 2019 Projected Actuals	FY 2020 Proposed Budget
INCOME			
Football	1,384,170	1,254,510	1,287,125
Men's Basketball	1,225,720	860,951	759,700
Men - All Other Sports	71,855	77,682	100,410
Women - All Sports	206,170	211,454	219,005
Subtotal - Sports	<u>2,887,915</u>	<u>2,404,597</u>	<u>2,366,240</u>
Other Income			
Student Activity Fee	1,999,558	1,919,576	1,932,781
University Support for:			
General Athletics Operations	3,457,193	3,457,193	3,352,886
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,747,000	1,523,297	1,832,500
Athletic Marketing	1,381,000	1,339,170	1,484,300
Athletic Conf/NCAA Support	1,649,500	1,669,835	1,436,400
Novelties - Outings	289,000	319,508	326,000
General	448,500	310,941	479,500
Subtotal - Other	<u>12,255,232</u>	<u>11,823,001</u>	<u>12,127,848</u>
TOTAL INCOME	<u>15,143,147</u>	<u>14,227,598</u>	<u>14,494,088</u>
EXPENSES			
Men's Sports			
Football	3,770,764	3,704,805	3,825,075
Basketball	2,818,484	2,802,709	2,674,956
All Other Men's Sports	1,286,055	1,332,571	1,307,220
Subtotal - Men's Sports	<u>7,875,303</u>	<u>7,840,085</u>	<u>7,807,251</u>
Women's Sports			
Basketball	1,121,065	1,111,924	1,121,588
Volleyball	819,721	845,054	859,447
All Other Women's Sports	2,384,973	2,337,172	2,402,041
Subtotal - Women's Sports	<u>4,325,759</u>	<u>4,294,150</u>	<u>4,383,076</u>
Other Expenses			
Athletic Training	198,137	195,418	179,495
Administration & General	1,946,050	2,028,918	1,794,324
Athletic Marketing & Sports Info	537,503	448,998	329,942
Contingency	260,395	143,102	-
Subtotal - Other Expenses	<u>2,942,085</u>	<u>2,816,436</u>	<u>2,303,761</u>
TOTAL EXPENSES	<u>15,143,147</u>	<u>14,950,671</u>	<u>14,494,088</u>

UNI Residence System

The proposed FY 2020 residence system budget reflects a slight decrease in net revenues compared to the preliminary budget received by the Board in February 2019. Occupancy projections are projected downward due to a lower new student enrollment forecast and additional private housing available near campus. Adjustments to the revenue and expense budgets in the proposed budget are based upon the updated occupancy and other cost projections. The decline in contract revenue is offset by expense reductions in salaries/benefits, food, utilities, and repairs when compared to the preliminary budget.

Voluntary reserve balances at June 30, 2019 have been updated to reflect capital improvements scheduled for Noehren Hall and are expected to be approximately \$24.9 million.

**University of Northern Iowa
Residence System Proposed Budget 2019-20**

	Preliminary Budget 2019-20	Proposed Budget 2019-20
OPERATIONS		
Revenues	\$ 36,802,109	\$ 35,509,961
Expenditures for Operations	25,445,706	24,225,026
Net Revenues	11,356,403	11,284,935
% of Revenues	30.9%	31.8%
Debt Service (due July 1)	8,009,544	8,009,544
Mandatory Transfers	330,000	330,000
Net After Debt Service & Mandatory Transfers	<u>\$ 3,016,859</u>	<u>\$ 2,945,391</u>
% of Revenues	8.2%	8.3%
Debt Service Coverage Ratio	142%	141%
University Overhead Payment	\$ 686,143	\$ 623,986
FUND BALANCES (June 30)		
Improvement Fund	\$ 9,252,111	\$ 7,341,410
System Fund	12,708,665	10,040,248
Subtotal-Voluntary Reserves	<u>21,960,776</u>	<u>17,381,658</u>
Bond Reserve Fund	7,512,949	7,512,949
Bond Construction Fund		
Subtotal-Mandatory Reserves	<u>7,512,949</u>	<u>7,512,949</u>
Total Fund Balances (June 30)	<u><u>\$ 29,473,725</u></u>	<u><u>\$ 24,894,607</u></u>
REVENUES AND EXPENDITURES DETAIL		
Revenues		
Contracts	\$ 31,145,492	\$ 29,863,520
Interest	406,178	406,178
Other Income	5,250,439	5,240,263
Total Revenues	<u>\$ 36,802,109</u>	<u>\$ 35,509,961</u>
Expenditures for Operations		
Salaries, Wages & Benefits	\$ 14,590,017	\$ 13,922,609
Cost of Food or Goods Sold	3,733,156	3,464,439
Other Operating Expense	2,575,669	2,306,679
Utilities	3,378,364	3,363,299
Repairs & Maintenance	1,168,500	1,168,000
Total Expenditures	<u>\$ 25,445,706</u>	<u>\$ 24,225,026</u>

FY 2020 BUDGETS - IOWA SCHOOL FOR THE DEAF

The proposed FY 2020 operating and restricted fund budgets for the Iowa School for the Deaf total \$14.8 million and are provided on the following page.

ISD FY 2020 General Operating Budget

The Iowa School for the Deaf provides educational programs in compliance with federal and state laws to provide free and appropriate public education for deaf and hard of hearing children and youths. Each child's Individualized Education Program (IEP) is designed to develop the student's educational potential. The primary mission is to provide quality programs for students, enabling them to leave ISD with optimal academic, vocational, interpersonal and independent living skills.

The budget was developed to support the strategic plan, goals for school improvement and student achievement in the following key areas:

1. Pre-K through 12th grade education services that provides academic and vocational programming for deaf and hard of hearing children with services to meet specially designed instruction and the individual learning needs of each student.
2. Student Life program to support campus-based education services by providing dormitory, food, health and transportation services for students who live too far from ISD to attend as day students.
3. Deaf Resources Center that provides training and assessment for K-12 educational interpreters and sign language instruction for parents and professionals across the state of Iowa.
4. Extended Learning Program that provides learning activities, statewide, in the expanded core curriculum to support achievement in the core curriculum, and development of communication, self-determination, social and emotional skills, as well as the unique learning needs of deaf and hard of hearing students.
5. 4Plus program for students ages 18 to 21 for the development of prevocational, work readiness, and-self-help and independent skills to promote the successful transition of high school students to the employment and/or post-secondary education setting.

State appropriations are the primary revenue source for ISD operations. The 2019 General Assembly appropriated a 3.0% increase (approximately \$303,000) in state operating funding for FY 2020. A slight decrease (\$41,000) is projected in the other revenue sources.

The budget incorporates the terms of collective bargaining agreement for merit staff and the approved salary policies of an average 2.85% increase in faculty salaries, a 3.5% increase in P&S staff salaries, and a 3.0% increase for institutional officials. Total salary and benefit costs remain relatively flat with FY 2019 due to filling vacancies with new hires at a lower salary. Utility costs, building repairs, and audit expenses are budgeted to remain flat.

ISD FY 2020 Restricted Budget

The FY 2019 restricted budget includes a \$3 million capital appropriation to fund the Long Hall renovation project. Other restricted revenues include federal grant pass-through funding from the Iowa Department of Education for sign language and parent training, teacher training, ADA accessibility and post-graduation independent living skills.

Revenue generated from students attending ISD from Nebraska is included in the restricted funds and is segregated from ISD's general fund appropriation. The FY 2020 budget anticipates two students attending from Nebraska. A portion of the Nebraska revenue will continue to provide for staffing expenses and curriculum development.

FY 2020 BUDGETS - IOWA SCHOOL FOR THE DEAF			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$10,299,287	\$ -	\$ 10,299,287
Capital Appropriation		3,000,000	\$ 3,000,000
Federal Support	56,970	303,433	360,403
Interest	1,000	525	1,525
Reimbursed Indirect Costs	15,000		15,000
Sales and Services	809,000	122,992	931,992
Other Income	198,866		198,866
TOTAL REVENUES	\$11,380,123	\$ 3,426,950	\$ 14,807,073
EXPENDITURES			
Salaries	\$ 9,112,660	\$ 222,459	\$ 9,335,119
Prof. & Scien. Supplies/Services	1,711,273	204,491	1,915,764
Utilities	286,750		286,750
Bldg. Repairs	225,000		225,000
Aud. of State Reimburse	44,440		44,440
Plant Capital		3,000,000	3,000,000
TOTAL EXPENDITURES	\$11,380,123	\$ 3,426,950	\$ 14,807,073

FY 2020 BUDGETS - IOWA BRAILLE AND SIGHT SAVING SCHOOL

The proposed FY 2020 operating and restricted fund budgets for the Iowa Braille and Sight Saving School (IBSSS) total approximately \$9.9 million and are provided on the following page.

IBSSS FY 2020 General Fund Operating Budget

Under the direction of the Iowa Braille and Sight Saving School, the programs and services of the Iowa Educational Services for the Blind and Visually Impaired (IESBVI) provides equitable access to high quality education services to children who are blind or visually impaired including those with additional disabilities throughout the state. The purpose is to provide accessible and appropriate education opportunities, resources and support which enable students who are blind or visually impaired to function as independently as possible in all aspects of life. A cooperative agreement between the Board of Regents, Area Education Agencies, Department of Education and the Department for the Blind established the unified system for the delivery of vision services to recruit, train, supervise and deploy all Teachers of Visual Impairments (TVIs) and Certified Orientation and Mobility instructors (COMs) in the state.

The budget was developed to support the strategic plan, goals and student achievement in the following key areas:

1. Statewide system of classroom-based instruction, orientation and consultative services which support the Individual Education Plans of students attending school in their local school districts.
2. Low vision clinics that emphasis early identification of vision impairments so that students can receive accommodations and appropriate educational services at the earliest possible age.
3. Evaluations, consultation, training and program planning with assistive technology that allows students with vision impairments to access the same curriculum as their sighted peers.
4. 4Plus program emphasizing the development of prevocational, work readiness and independent skills to promote the successful transition of high school students to the employment and/or post-secondary education setting.
5. Regional and statewide professional development for TVIs, as well as general and special education teachers to assist them with the skills necessary to provide specially designed instruction and support in the classroom.
6. Extended Learning Program to provide statewide learning activities, in areas of the expanded core curriculum to support the unique learning needs of blind and visually impaired students.

The 2019 General Assembly appropriated a 4.0% increase (\$167,000) in state operating funding for FY 2020. The budget also includes other incremental revenues of approximately \$265,000 from the Americorp rental agreement and from additional contract revenue with the AEA's for services provided by the TVIs and COMs. While the full annual impact of the Americorp lease is included in the budget, negotiations continue to transfer the campus and the lease to the City of Vinton.

The budget incorporates the terms of collective bargaining agreement for merit staff and the approved salary policies of an average 2.7% increase in faculty salaries and a 3.0% increase in P&S staff salaries. Additional professional supplies/service expenses that support extended learning programs and fleet rental expenses are budgeted in FY 2020. All other expenses are budgeted to remain flat with the prior year.

IBSSS FY 2020 Restricted Budget

IBSSS's FY 2019 restricted budget totals approximately \$0.9 million and is provided below. The restricted funding comes from federal pass-through grants from the Iowa Department of Education and gifts/endowment funds. In addition to blind-deaf services, the federal grants also support training programs for the teachers, low vision clinics and equipment, assistive devices, parent/professional activities and training, and STEM and early childhood consultants. The endowment funds (other income) provide post-secondary scholarships and support activities/programs in conjunction with the strategic plan to the extent other resources are not available.

FY 2020 BUDGETS - IOWA BRAILLE & SIGHT SAVING SCHOOL			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$ 4,334,759		\$4,334,759
Federal Support	-	729,145	729,145
Reimb. Indirect Costs	56,278		56,278
Sales and Services	3,775,151		3,775,151
Other Income	854,992	190,000	1,044,992
TOTAL REVENUES	\$ 9,021,180	\$ 919,145	\$ 9,940,325
EXPENDITURES			
Salaries	\$ 7,132,575	\$ 433,526	\$7,566,101
Prof. & Scien. Supplies/Services	1,567,073	435,619	2,002,692
Library Acquisition	15,000		15,000
Rentals	35,000		35,000
Utilities	210,500		210,500
Bldg. Repairs	29,532	50,000	79,532
Aud. of State Reimburse	31,500		31,500
TOTAL EXPENDITURES	\$ 9,021,180	\$ 919,145	\$ 9,940,325

FY 2020 BUDGET – IOWA PUBLIC RADIO

The FY 2020 budget supports the realignment of IPR based on the merger of the three stations in an effort to improve and expand service and outreach to Iowans. IPR's Board of Directors approved the proposed FY 2020 budget on June 27, 2019.

- University support for FY 2020 decreases 7.5% when compared to FY 2019 and state support for FY 2020 remains unchanged. Budgeted increases in fundraising revenue from memberships, underwriting, and major gifts are partially offset by the decrease in university support.
- Salary expenses are budgeted to increase in FY 2020 primarily from expected additional staff hires and staff salary increases of approximately 2.0%.
- Professional/Other Services expenses are estimated to increase in FY 2020 from additional design services related to capital campaign materials, internet services, advertising & promotion, state fundraising registrations and insurance.
- Other expenses are expected to decrease in FY 2020 primarily from a decrease in repairs and maintenance. Repairs/maintenance decreased due to the nature of the planned projects resulting in increases in both supplies and capitalized equipment for FY 2020.
- The transfer from reserves funds a significant portion of the capitalized equipment needs and the consolidation of the Des Moines staff in one location. The capitalized equipment includes IT projects supporting the network and funding for the three stations on the university campuses.

	FY19 BUDGET	FY20 BUDGET	DIFFERENCE
OPERATING INCOME			
University Support	\$ 944,800	\$ 873,940	\$ (70,860)
State of Iowa Appropriation	350,648	350,648	-
Federal Support - CPB	655,628	652,631	(2,997)
Fundraising	6,612,708	6,903,028	290,320
TOTAL OPERATING INCOME	\$ 8,563,784	\$ 8,780,247	\$ 216,463
OPERATING EXPENSES			
Compensation	\$ 4,462,653	\$ 4,778,899	\$ 316,246
Programming Fees	1,166,425	1,213,112	46,687
Facilities	601,811	642,072	40,261
Professional/Other Services	828,560	897,043	68,483
Telecommunications	209,506	200,337	(9,168)
Depreciation Expense	408,354	420,500	12,146
Printing	94,700	98,250	3,550
Supplies	140,000	164,250	24,251
Travel	98,692	103,725	5,033
Other	318,406	204,125	(114,281)
TOTAL OPERATING EXPENSES	\$ 8,329,106	\$ 8,722,314	\$ 393,208
NET OPERATING INCOME (LOSS)	\$ 234,677	\$ 57,933	\$ (176,745)
NON-OPERATING INCOME (EXPENSE):			
Rental Revenue	\$ 88,055	\$ 90,277	\$ 2,222
Investment Earnings	-	-	-
Transfer From Reserves	255,456	350,000	94,544
FY19: Ames & DM Remodels, FY20: DM Remodel	(220,456)	(36,500)	183,956
Equipment, Capitalized	(312,050)	(406,525)	(94,475)
Equipment, Non-Capitalized	(39,000)	(44,300)	(5,300)
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ (227,995)	\$ (47,048)	\$ 180,947
NET ALL ACTIVITY	\$ 6,683	\$ 10,884	\$ 4,202

FY 2020 BUDGET – BOARD OFFICE

The Board Office operating budget is supported mainly by state appropriations and institutional support. The FY 2020 state appropriation remains flat with the previous year and the budget includes one additional FTE when compared to FY 2019. Reflecting the service nature of the Board Office, personnel costs are approximately 75% of the proposed budget.

BOARD OFFICE BUDGET

	Final <u>FY 2019</u>	Proposed <u>FY 2020</u>
Revenues		
State Appropriations	775,655	775,655
Institutional Reimbursements	3,331,925	3,577,504
Non-Institutional	1,500	1,500
Principal Demutualization	<u>3,000</u>	<u>3,000</u>
Total Revenue	4,112,080	4,357,659
Expenses		
Personnel & Board per diem	3,061,830	3,287,253
Travel	80,000	80,656
Office Supplies and Printing	15,000	15,000
Dues	40,000	45,000
Advertising	750	750
Communications	50,000	45,000
Outside Services & Repairs	45,000	75,000
State Audit	14,500	15,000
IT Services	70,000	47,000
Office Equipment & Furnishings	10,000	10,000
Office Space	115,000	118,000
Educational/Training Expense	65,000	81,000
Special Services	<u>545,000</u>	<u>538,000</u>
Total Expenses	4,112,080	4,357,659